

Incorporating Admark

Sledgehammer tactics stir industrial memories

by Colin James

THE Government's persistent waging of the big stick as its contribution to the improvement of industrial relations is raising in some people's imaginations a spectre of 1951.

Last month the sledgehammer of derecognition of the whole Public Service Association to crack the nut of electrical workers' discontent about house rents.

Last week the prison door of wage regulation for everybody to punish a two-day strike by drivers, the play that worked (or did it?) in February when Bill Andersen's engine-drivers were troubling the braveries.

Both sticks waved, then put away, in what seems to be becoming the Prime Minister's hallmark. But some people see a growing and sinister urgency in his resort to threats over recent months.

They see an unrequited bloodlust, nurtured on memories of Sid Holland's spectacular smashing of the wastersiders in 1951.

Parallels are seen. Industrial unrest has grown during the 1970s as it did during the late 1940s and there are some tough-minded and resourceful unions and union leaders who scare decent citizens in their beds.

The union movement has lurched left, reviving memories of communist influence 30 years ago.

The Government is in economic trouble. Inflation is roaring, as it was in 1951.

A major confrontation with a union or unions, followed by a snap election, may be the diversion that will save the National Party.

An added piquancy is the Prime Minister's own shaky leadership. A repeat of 1951 might just restore him to his pre-1949 unassailable position.

If you want an issue, try the Chile trade ban, which can be presented to the public as sabotaging vital exports.

So the argument runs. My instinct has been to dismiss it as far-fetched, on the grounds that the stakes are too high and the cards too uncertain for any Government to deliberately play that hand.

But recently I have come across the theory among worried liberal National Party members, scared Public Service Association members and unionists.

Union leaders, particularly since the change in the FOL leadership, look like they're walking on eggs.

Note how quietly they have taken the legislation to keep unions out of joint venture fishing operations. Once upon a time such an assault on their rights to organise would have had them jumping up and down.

I have not heard much public concern over the German industrialists' hints to ministers that they would not eagerly risk money on New Zealand's English-style unions.

The FOL also tiptoed most gingerly round the PSA and railwaymen's disputes and then obeyed the Prime Minister's peremptory summons last week to call off the drivers' strike.

If these are examples of the

rampant militancy the Socialist Unity Party is bringing to the FOL, it will be interesting to watch its displays of modularity.

The problem for union leaders is that they are sitting on top of volcanoes that are heating up. Repeatedly this year people lower down the line have taken matters into their own hands.

This result has been that the past six months have at times seemed chaotic — not just to you, gentle reader, but to the union leaders who have been getting the blame.

At this point it is worth recalling what happened in 1951.

At that time the Cold War was at its height. The Soviet Union had not long ago got its own atomic bomb. It had blockaded West Berlin in a trial of strength with the west.

Communists had taken over in eastern Europe, China, North Korea and North Vietnam. A holy war was being fought against China in Korea.

Perfectly sane people believed, with what seemed good reason, that the west was in danger of being engulfed by communism — if not by external aggression, then by internal subversion.

In the late 1940s the Labour Government had panicked at communist influence in some unions and turned sharply to the right, taking most of the Federation of Labour with it.

With FOL acquiescence the Fraser Government used newly acquired legislative powers to dismantle the communist-led carpenters' union in 1949, even though at one stage the dispute which prompted the action was close to settlement.

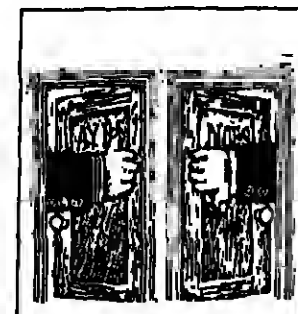
Peace time conscription followed and Fraser seemed to be shaping up to take on the wastersiders when he lost office. In 1950 the wastersiders seemed to confirm his fears by pulling out of the FOL with some other unions and joining the communist-dominated World Federation of Trade Unions, from which the FOL had disaffiliated.

The wastersiders won a notable victory for direct bargaining in late 1950, but in early 1951, in a public mood of what would now be called anti-communist hysteria, the National Government took them on.

An overtime ban over a disputed pass-on of a general wage order and disagreement about the method that should be used to resolve the dispute was turned by the employers, with Government backing, into a lockout.

Gradually gaining nerve, the Government took dictatorial emergency powers, including press censorship. Though initially a number of other unions backed the wastersiders, the FOL, for reasons of its own, sided with the Government, an act said later by Keith Holyoake to have been crucial to the eventual Government victory.

Thus effectively isolated, the arrogantly obdurate wastersiders and the few unions who persisted in support had no chance. Troops worked the wharves and when the wastersiders did start making concessions, every concilia-



POLITICS

tory move was met by raising the ante until complete surrender was obtained.

In the subsequent "people versus the wreckers" election, National increased its parliamentary majority.

The essential ingredients were: A united public opinion shaped by real, pervasive fears of communism and reinforced by a compliant press; deep divisions within the labour movement; a militant union with little public sympathy, isolated from the

FOL and pig-headed enough to fight when challenged.

Are those ingredients present now?

The first is not. Most of those I have talked to who think the unions are wrecking the country think they are doing it out of greed rather than as part of an international conspiracy to sabotage our social and political structure.

Public opinion might be united by anger, but it is a less solid unifilar than fear, especially if, as I suspect, the more diverse news media of today gave less unquestioning support than in 1951.

Is there a union that fits the bill?

This state electrical workers, had they gone on strike, would have been easily beaten once the disruption hurt the public and given the (in the public's eyes) trifling matter in dispute.

Threatening derecognition — thus turning the issue into one of union rights — promised a major fight with no guarantee of Government

victory, until the Prime Minister pulled the PSIS card from its sleeve.

The railwaymen? It seems to have been rank and file frustration rather than centrally-led obstinacy that kept them going as long as they did. That sort of action would probably have eaved in too quickly to provide the stuff of an election, even if the Government had succeeded in widening the dispute.

The drivers? Their leaders are too astute to be manoeuvred into a 1951 fight.

The boilermakers? They don't affect essential services. The freezing workers? They're on the sideline for the moment.

There is also unity in the labour movement — reaching even to tentative links between the PSA and the FOL. Each Government threat reinforces that essentially defensive unity. One moderate unionist told me last week he has never in 30 years seen the degree of rank and file commitment to his union there is now.

The current FOL leadership

seems desperately conscious to avoid a confrontation with the Government and is expected to lean on any way heading that way. But it came to a choice, this FOL more likely to back the Government.

And, given the dependence of today's society on sophisticated technology, opportunities for crippling disruption are much greater.

The Government presumably would have a win, if only because the wastersiders, not the revolutionaries, would know what to do with public power if they won.

But a subsequent election might well resemble the loss in Britain in the 1951 election over the wastersiders more than the triumph of the revolutionaries.

Perhaps we should take Prime Minister at face value. That he wants the safety involved in re-introducing controls. He could lift the 1991 and still have a chance of winning.

"It's more impressive to fail on a difficult



Airag prepares for take-off to Middle East

by John Draper

AIRAG International is ready to take off on a weekly freight run to the Middle East.

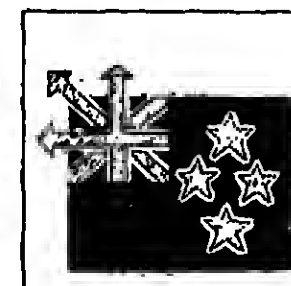
After a four-month delay, the Government has given the Christchurch-based airline a six-month permit to operate flights to 19 destinations, providing it does not compete with existing carriers.

An application for a full two-year international air service licence was rejected by Transport Minister Colin McLachlan, mainly because of the reciprocal trading rights for Middle Eastern airlines that might have to be negotiated.

The six-month permit will give Airag a chance to prove it can operate successfully without jeopardising future air rights.

Initially the airline will be leasing a DC8 and crew for a weekly service to the Yemen, Saudi Arabia and Bahrain carrying mainly chilled meat and fresh produce.

Spokesman Graham Vetch, a former general manager of



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the ill-fated Nationwide Air, said the airline had strong support particularly from exporters who had been having problems getting goods into the Middle East.

Supporters had already pledged \$1.5 million for the formation of a public limited company, Airag International New Zealand Ltd, which would have a nominal share capital of \$5 million, he said.

Airag's permit is limited. It cannot compete on routes served by Air New Zealand nor

for the cargoes it normally carries.

But the permit does not stop Air New Zealand chartering Airag as and when needed rather than Flying Tiger, the big American airfreight operator.

Vetch makes no secret that Airag intends to compete for most of the airfreight taken out of the country by overseas operators like TIA on an occasional charter basis.

Airag will be bidding for the kiwifruit exporters' charters to Japan next May as well as the horse trade after the Transhamp bloodstock sales.

Kiwifruit exporters approached the airline earlier this year, but Vetch says it was unable to help because no aircraft were available for charter at that time.

The fledgling carrier is also looking to a seasonal fresh fruit and vegetable trade to the United Kingdom during October through to December.

Backloading will be the main problem as Vetch readily admits.



COLIN McLACHLAN rejects long-term application.

"Back cargo is always difficult.

"There is a potential in taking sailfreight as there are shipping problems in the Mediterranean and Gulf areas," he said.

Many of the return loads are likely to originate in Britain, France and Holland, but Airag

will not be going to pick them up from those countries. It is negotiating with IAS and Trans Air Cargo to offer a Europe to New Zealand airfreight service transshipping cargoes somewhere in the Middle East.

Airag is also seeking permission from the Australian Government to operate split charters from this east coast, Sydney, Melbourne and Brisbane in a similar manner to those pioneered by IAS out of Perth.

Vetch says there has been a lot of interest from across the Tasman in Airag's potential operation. Initially the weekly service to the Middle East will touch down in Darwin but only for refuelling.

The airline is also negotiating with Indian tea and jute exporters to bring cargoes back to New Zealand. But one potential outbound cargo has already been dropped. The airline was hoping to fly live sheep to Iran for local slaughter, but the Meatworkers' Union is refusing to lift its ban on their movement. Livestock for breeding may be carried. And Vetch says there is a market for sheep, cattle and deer in the Middle East.

Vetch denied persistent

rumours that Airag was linked in any way to the recent visit of Nationwide Air's directors, Matt Thompson and John Rutherford and Meatworkers' Union secretary Blue Kennedy, to Iran.

"The first I knew of it was when I heard Blue Kennedy being questioned about it on the radio," he said.

Christchurch and Auckland will be the only two centres to benefit immediately from Airag's operations.

Ultimately, it intends to buy its own aircraft and use its own pilots. Wellington may also be added to the schedule.

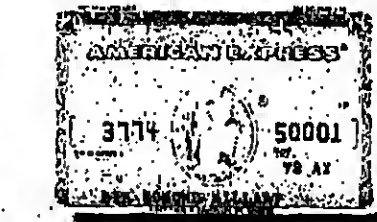
Vetch says Oakes would be a preferable centre to the capital because of its more direct access to the agricultural produce of the Waikarapara and Manawatu.

Two more applications for international licences are also being considered by the Government. Air Pegasus, the Auckland-based agent for TIA, wants to operate flights mainly to Australia in its own right. Its application is now before the Minister's desk.

Rural Aviation (1968) Ltd's application to operate DC6s mainly across the Tasman carrying racehorses and bloodstock, has yet to reach the Minister's desk.

objective than succeed on a modest one"

American Express, in conversation with Cardmember Sir Edmund Hillary.



Sir Edmund ("call me Ed") Hillary: Mountaineer, Adventurer, Explorer, Author, Businessman, Nepalese Bridge Builder, Chairman of the Himalayan Trust. Attended Auckland Grammar where, despite the motto (Per Augusta ad Augusta - Through Narrow Paths to the Heights) he remained uninspired. Eventually discovered mountaineering, conquering the highest of them all in '53. Became the youngest Knight of the century. Other remarkable achievements include driving a convoy of farm tractors to the South Pole.

A.E: I read the other day where someone said that if you are going to dream of impossible things you might just as well dream of big impossible things.

E.H: I agree actually. A challenge you're confident of overcoming is hardly worth starting. Why bother if you are quite confident that you are going to overcome it? The real challenges are ones that extend you to the utmost. Where there is always doubt as to whether or not you are going to be successful. Then, when you succeed, if you do succeed, you have a great sense of achievement. It's more impressive to fail on a difficult objective than to succeed on a modest one.

A.E: Have you always had a clear picture of your goals?

E.H: No, I don't think I did. People said "When did you first really get your great ambition to climb Mt. Everest?" Well, I didn't get my great ambition to climb Mt. Everest until a year or two beforehand. I'd been climbing for many years before I even thought of the prospect of going to Mt. Everest.

A.E: You didn't tell your mother in 1939 that you were going to climb Mt. Everest?

E.H: No, oo. You know, there was old Frank Smyth who was one of the great mountaineers and wrote lots of books. He wrote in one of his books that when

he was a young child his parents took him across France. His mother was hiding him in her arms, suddenly on the horizon, he saw a great white mass of mountain peaks whereupon he duly rose up and pointed in the direction of these peaks said "go gaga goo gon". Which meant (supposedly), "I'm going to become a famous mountaineer". Well, that's really a lot of rubbish. People tend to try to give you ideas and a future far before you ever had these firm convictions.

A.E: At what age did you realise you were going to become famous?

E.H: It wasn't until I actually climbed Everest that it suddenly dawned on me that I was going to be in the uncomfortable position of being famous. Before Everest, even on the mountain, I had never really even thought about it. We were much more innocent in those days. Nowadays, the modern athlete is aware that if he is very successful there can be economic, substantial economic benefits, from what he does.

A.E: If Ed Hillary had climbed Everest in the '70's, the 33-year-old Sir Edmund Hillary would have been a very marketable item indeed. Are you glad or sad that you escaped that kind of marketeering?

E.H: Very glad. I have a little bit to do with it anyway, but I have been able to keep it to what I regard as a reasonable minimum. There are advantages of course, as far as the same business is concerned in raising funds for projects. In things of this nature, it certainly has been very beneficial. But I don't envy the great athlete of today who gets involved in the tremendous commercial rat race.

A.E: Did Neil Armstrong's giant step, I wonder, create as much excitement for people as Ed Hillary's? I remember looking at the moon and thinking, "Hey, there's somebody up there", and the people around me were walking along looking down at the pavement.

E.H: There's a tremendous difference to the challenges and adventure of today. It's not only the achievement of the individual but the thrill of those back in Hobson pushing all the buttons. I think it was probably more fun in our day in that you were the one who had to make the decisions.

E.H: No, oo. You know, there was old Frank Smyth who was one of the great mountaineers and wrote lots of books. He wrote in one of his books that when

A.E: Decision-making is obviously a characteristic of a mountaineer...

E.H: I think that most people can learn to become decision-makers. I certainly was never anything like a born leader but I found that over the years there were certain techniques that one could follow which enabled one to handle groups of people who could easily be far more efficient and far more intelligent perhaps than oneself. The thing I always found was doing your homework. Before you went to bed each night, you just went through in your mind what was going to happen next day and briefly thought out what problems you might meet and what you would do if those problems did occur. Now, that meant that if something did happen you had thought the matter over and you were in a position to give a competent decision immediately.

A.E: How long have you had the Card?

E.H: For five or six years, and find it most useful for identification. For example, in American hotels where they often ask you for identification before you check in, I've found the American Express Card is particularly valuable. It really does give you formal identification. It does have a definite status; there's no question of that.

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Airfare news flow tires travel agents

by John Draper

TRAVEL agents are growing tired of being the last to know about the ups and downs of international airlines.

Too often, for their liking, they find out about new fares only by the deluge of eager customers wanting to book or by reading the daily newspapers.

But the Travel Agents Association of New Zealand has had enough.

Later this month it will meet airline and Ministry of Transport representatives to implement a code on the introduction of new rates.

Essentially the agents want a time lag between the time new fares are announced and the day they are implemented. The association will also be demanding more accurate and up to date information from the airlines.

Some carriers have been quick to produce easily read and understood brochures for agents and the public, though some have been too hasty and the fares quoted differ from those finally approved by Government. Others, and in particular Air New Zealand, distribute wads of close-typed difficult-to-read notes.

Air New Zealand for instance, has yet to distribute easily comprehended brochures detailing high and low season fares to the United States. And as the agents point out, they use the most easily understood information and tend to book with the airline that supplies it.

Further afield, a bewildering and writhing jungle of peak, off peak and special airfares are more than enough to baffle a computer let alone a would-be traveller or his booking agent.

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SPT 1

EDITORIAL

PARLIAMENT is increasingly regarded by the public as ineffective and irrelevant, and as the prestige dwindles, it shows growing signs of inefficiency in discharging the functions reposing in it.

A major weakness in the way it works: It passes too many laws in ill-considered form and it fails to exercise a proper scrutiny over the work of the Government departments.

As the Government expands into broader fields of activity, as policy-making becomes increasingly sophisticated, and as a growing trend to long-range planning develops, Parliament's control of spending, of course, remains limited to approving one year's estimates of expenditure—usually halfway through the year, when the money has actually been spent.

Part of the problem lies in the powerlessness of the select committees. Unlike their equivalents in many Western parliaments, our standing committees lack the power to critically appraise government proposals and expenditure. They have no right to examine witnesses—even the Ministers and civil servants who draft bills. They have no right to call for evidence from outside bodies, or to employ expert staff to help them in their deliberations.

The most powerful of the select committees is the Public Expenditure Committee, which has an important job to do in acting as a watchdog on government spending and keeping informed Government and Opposition MPs. It has 45 state trading undertakings or Government departments to examine, but has limited time, limited resources, and—according to chairman Marilyn Waring in a speech to the Civil Service Institute last week—"the same crazy frustration in acquiring much-needed staff as you undoubtedly have."

The Public Expenditure Committee brings some scandals to light, such as Ministry of Works extravagances on the Kaimuri Tunnel project. But Waring last week bluntly said the committee has not adequately carried out its order of reference and complained that essential information is denied to it.

Moreover the committee's 10 members can be outflanked and outmanoeuvred by "wily, experienced civil servants who still chuckle about how they 'got' such and such an MP when they asked for data and were buried under several inches of computer printout." (She didn't name the civil servant responsible for that outrage, but apparently he was in the audience.)

Parliament's clerk of committees, Adrienne von Tunzelmann, in a recently published study, recommended that the Public Expenditure Committee should widen its purview to cover revenue, long-term spending and policy matters. She drew attention to several weaknesses—the committee cannot debate policy matters; it is unable to scrutinise long-term spending proposals; it cannot examine the Government's revenue as well as its spending; it may inquire into whether departments have kept to their budgets, but cannot ascertain if that money is being spent effectively to achieve Government aims. Above all, it has a single research officer, plus help from the Audit Office, and clearly needs more staff.

As Waring pointed out, the members of her committee are ill-equipped to appreciate the complex issues involved in the administration of a large government department, and inevitably have considerable difficulty in knowing what questions to ask and how to evaluate the information they receive. That obviously means the committee cannot usefully function.

If Parliamentary committees need more powers and more help in scrutinising the spending of public money, then there should be no quibbling from the private sector. After all, the Government is taking 45c of every \$1 earned by private enterprise to finance Government operations. It should be the concern of every businessman that this money is being as effectively spent as money spent in their own enterprises.

Bob Edlin.

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Name

Address

Occupation

Signature

FISHERMEN the world over have a reputation for telling tall stories. And our Government Tourist Bureau is no exception as it tries to net a few more American visitors.

"In New Zealand, a lot of things seem pretty hard to believe," it boasts in a full page advertisement in the American magazine, The Fly Fisherman.

And what follows is. True Americans, who are brought up to believe everything in the United States is bigger and better than anything anywhere else may be surprised that Rainbow trout in Lake Taupo are larger—"they go up to a whopping 19 pounds"—than those usually caught in the best trout streams of Montana.

But no matter how amazing that sounds, as the ad says, "you haven't really heard anything yet."

"Not till you meet a Lake Taupo fishing guide named Simon Dickie. He'll show you where the big ones hide out and tell you some stories like you never heard before."

"Like about the one time he and five of his friends went out after a new record and got it. There were 45 knot winds that day, but they went out at 5 a.m. anyway. And in one hour, they came back with 72 Rainbow, none of them smaller than four pounds, and most of them between six and seven."

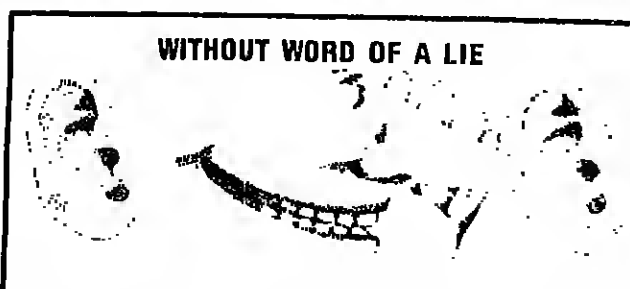
We understand that Taupo boaters who have seen that ad are wide eyed with disbelief at the thought of six rods fishing in a 45 knot wind.

The catching rate is also startling—one fish every 50 seconds.

But the local ranger would have been very interested in the rest of the tale. And the local magistrate would almost have certainly created his own record—in line handed down to the six law breaking fishermen.

Fishing in Lake Taupo is illegal before 6 a.m. and the catch limit is set at 10 fish per rod.

A Government Tourist Bureau spokesman was a little embarrassed. "So you have found our faux pas," he said.



So had the bureau's Rotorua fishing advisor, who was on the trip, the spokesman confessed. He was not impressed. A record had been set that day but the six fishermen had not broken the low to do it.

The offending ad, produced by the bureau's American agent, has been withdrawn and rewritten.

Responsibility is being accepted by the Wellington spokesman, but the man who wrote the offending words, well he's moved on, gone fishing probably.

One of our respected advertisers, South Pacific Television, ran an ad in our columns which showed the male and female audience for various time zones and the cost per thousand viewers.

On inspection it was obvious that the figure given for males 20-54 years, zone one, were correct, then that for females was wrong and vice versa. So we drew their attention to this transgression and, in case we were jumping to wrong conclusions, asked for an explanation.

Back came the reply: "It was a mistake," they said. How refreshing, these days, to be told the facts first time up. We know just how they feel. Reluctantly, we must confess to having made a mistake or two in our time. Or two?

PS. At the time of writing, the corrected ad is winging its way to us.

ECONOMIC pressure was the primary cause of the

disastrous DC10 crash in Chicago. Sir Geoffrey Roberts told those at the thirtieth anniversary dinner of the Society of Licensed Aircraft Engineers and Technologists in Auckland.

Even if there was a design fault in the aircraft as some claimed, he said, proper maintenance and proper inspection of that maintenance would have found it and prevented the sort of factors which led to the accident.

An earlier DC10 crash which killed 346 people near Paris occurred because the manufacturers' suggested modification to the aircraft was ignored by its Turkish owners.

Deregulation of the American airline industry and the drive for ever cheaper fares was pulling tremendous economic pressure on airline maintenance engineers. "But your licences should be sacrosanct and must be issued by a Government authority, not by the airline operating the aircraft you service," he said.

The IFA is a world body of licensed aircraft maintenance engineers dedicated to preserving the highest possible aircraft maintenance standards.

He was referring to the fact that a licensed engineer has to pronounce an aircraft as airworthy before it is allowed to take off with paying passengers.

Sir Geoffrey told the

gathering how, earlier this month, he had taken a "Sengraus" director's Blenheim in a charter aircraft. The American directors had been visiting vineyard in which a company has a substantial interest.

When the directors came aboard the aircraft, he said, he gave it a maintenance check because of a minor fault at its wheels.

"Though the holding is embarrassing," said Sir Geoffrey, "as patron of the International Federation of Airworthiness, I was proud that engineer, I was proud that aircraft. He would not have replaced them from Auckland."

He said: "The fact that replacement type later flew on the Auckland route, beside the point."

THE pre-Budget speculation was fanned by Prime Minister Rob Muldoon when he excluded the wine industry from the embrace of the new sales tax on alcoholic beverages.

It seems wine escaped thanks to some hectic last-minute negotiations between the wine industry and Government.

But the Budget announced an industry study by the Industries Development Commission, which is due to report by June 30 next year. And it is said by some rhymers that a tax will be imposed after that.

One possibility: there will be a sales tax on wines, but an even bigger levy on imported wines to give the local product a price advantage. That approach should appeal to a wine industry which has pressed for import controls, particularly on Australian wines.

Despite the extra burden of trans-Tasman shipping costs, the Aussies are selling more cheaply here than some local wines.

But before the wine industry gets too excited about the Government lending a hand to prop up its appeal in the marketplace, it might ponder its prospects in the export front when it can't compete in its own home territory with imports.

As for the consumer. Well, it seems—as almost always—the doesn't come into the reckoning.

THERE'S a bit of unease among staffers at the Evening Star in Dunedin, we hear.

The staff has been a bit jumpy for some time, of course, thanks to persistent rumours of the newspaper's forthcoming demise.

The recent decision to

convert the paper to a tabloid in a bid to resurrect its fortunes in the marketplace should have inspired confidence that the publishers do not intend closing it. But then Bruce Judge came into the picture, masterminding the H W Smith Ltd buying of shares in the Press and the paper's publishing company.

Judge has secured something like a 15 per cent shareholding in the company.

The morning newspaper, the Otago Daily Times, is by far the company's most profitable publication, so there are some fears that the Evening Star may become the victim of a Brierley-style rationalisation if H W Smith takes control of the company.

Of course, there is no immediate prospect of H W Smith Ltd gaining control. But there's a good chance that Judge will make it on to the Allied Press board.

A BUSINESS acquaintance of ours pays two different phone bills with the one cheque.

But the other day, about three weeks after making his latest payment, one of his phones was cut off. He called the Post Office to explain, but his phone was not reconnected.

So he tried again. Then he tried to get something of an acquittal, as he was asked such questions as when did he send the cheque, at which post office was it posted, to what address was it posted, and so on.

After much interrogation, the Post Office fellow accepted that the bill had been paid, but confessed he was unable to guarantee that the phone would be reconnected.

That was another section's business, he said.

But his most illuminating remark was that the accounts are in a mess. "The system has gone out the window."

Apparently, the Post Office is trying to handle hundreds of thousands of accounts manually.

Maybe some of those hefty Post Office surpluses could be ploughed into modernising the system so that a customer can pay two accounts with one cheque, and not run the risk of then being given the bureaucratic runaround.

NO DOUBT it's an economic indicator of some sort, but

we're not sure exactly what the message is.

The fact is, a sex shop in Wellington's Vivian Street is no longer there. The premises are now occupied by a finance house.

SHELL Oil USA wants to sell its share of the Maui gas field, industry sources said.

But so far, the American subsidiary of the Anglo Dutch giant has had little success according to industry sources.

Shell Oil US holds all but 500 of the 10.1 million shares in Taranaki Offshore Petroleum Co Ltd, a partner in the original consortium which discovered Maui.

Topco sold its share in the field to Offshore Mining Ltd, another state owned company, for \$3.75 million in 1973.

But it later bought back into the Maui development by buying half Todd Petroleum Mining Co Ltd's 12.5 per cent share.

Earlier this year, with little immediate use for Maui gas in prospect, the American company attempted to sell its interest without success.

So who will buy Petrocorp,

"That's why we've given you a year's warning of our intention," said a member of the RNZAC executive. "It should give clubs time to find a temporary replacement instructor for the anniversary. Surely club instructors may be allowed one weekend off in 50 years?"

THE Master Builders' Federation was delighted with the performance of Housing Minister Derek Quigley at its annual conference. He spoke off-the-cuff for 15 minutes, and delivered an hour-long address in which he demonstrated an impressive command of facts and figures germane to the industry, according to federation sources who recognise he has been in the job for less than a year.

In his vote of thanks, federation president Les Street said it was refreshing for a change to get answers from a Cabinet Minister.

Quigley's manner in the building industry adds to the reputation he has built up generally, and further con-

solidates claims made for him by observers that he is a possible future leader of the party.

Then again, merely publishing such plaudits may prove to be the kiss of death for any aspirant Quigley might have in higher things in politics.

OBVIOUSLY a sign of the economic times was the outcome of a heavy promotional campaign by Fletcher Developments to sell its newly developed property at Waikanae.

The promotion was intensive, ambitious and very professional. And the results? Disappointing, it seems.

Despite the highly attractive purchase rates and financial incentives, there was no great rush from potential buyers.

One explanation is the depressed state of the economy. Another is the thought that the energy crisis is prompting second thoughts about living too far out of the city.

Meanwhile, Fletcher's will hope it hasn't been hindered with another Grenda Village.

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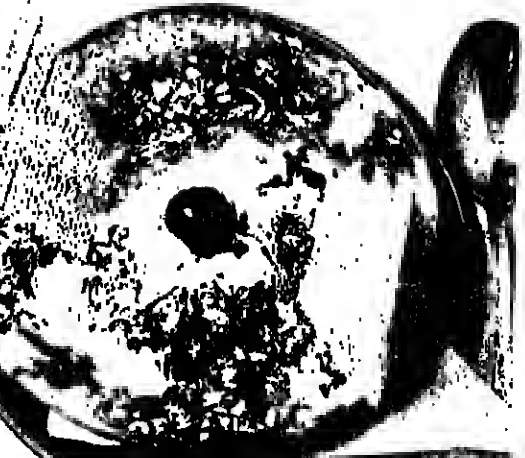
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Parliament begins to descend slippery slope

by Geoff Palmer

THE 1979 Budget promises further legislation which may be, depending on its terms which have not yet been disclosed, contrary to the Bill of Rights. Even if it is within the liberal terms of that document it is certainly contrary to its spirit...

Compare the proposal to empower the Government to reduce income tax rates when the House is not in session with the provision of the Bill of Rights: "Laying money for or the use of the crown by the pretence of prerogative without grant of parliament for long time, or other manner than the same is or shall be granted is illegal". I suggest that the words in heavy type indicate that a strong legal argument can be made that

the lowering of any rates of taxation by regulation would be contrary to the Bill of Rights.

From a legal point of view there is no distinction between the power to lay a tax and the power to reduce it. This is because any new rate imposed by regulation, even though lower than the old one, would not be one granted by Parliament.

It has been decided that the Bill of Rights is part of New Zealand law. It seems obvious that a New Zealand court will guard the provisions of the Bill of Rights zealously and will not allow its provisions to be overridden except with the clearest expression of parliamentary intention.

That means that any legislation granting the executive power to make

regulations reducing tax rates may need to expressly repeal the provision in the Bill of Rights to be legally effective.

If the Government has it in mind to repeal a provision in the Bill of Rights, either expressly or by implication, then it behooves us all to give the matter the gravest possible consideration.

Other observations need to be made about the statement in the Budget.

First of all it is a relatively simple matter to call Parliament together. Why such a step is not practicable is not articulated. No reasons are given.

Secondly, the traditional times for the sitting of Parliament are archaic and should be changed. If Parliament met three days a week, three weeks a month, to months a year it could act as a constant monitor on the actions of Government and it could pass all necessary legislation.

Parliament cannot act as a check on the executive branch of Government when it is not in session. It is therefore in the interests of the Government, but not Parliament, that Parliament should sit as infrequently as possible.

The next observation that needs to be made concerns the claim made for flexibility.

New Zealand Governments are not present endowed with a range of powers with which an economic dictator would regard himself as well served.

It is possible, in effect, to nationalise the banks and the insurance companies by controlling all of their funds, and to control the price of every commodity and set the levels of wages in New Zealand without resort to Parliament.

It can be done by regulation—regulations which are not passed by Parliament or properly scrutinised there.

It is done by the executive council which consists of Ministers and the Governor General. There is a quorum. Regulation making power forms an important source of

power for modern governments. It is a power which has been much abused in New Zealand.

I feel bound to observe that the massive and flexible powers which have been entrusted to Government under the Reserve Bank Act the Economic Stabilisation Act and other statutes have not led to economic management of any quality. I would have thought that on that ground alone the provision of further powers should be resisted.

There is another reason why taxation matters should not be handled by regulation. Regulations are supposed to be reserved for administrative detail, not fundamental principle. Tax rates hardly qualify under that heading. At a time when the community is complaining about over regulation it is surprising to find further important questions being resolved in this way.

But the most important reason why the proposed legislation should be resisted is because it further erodes the position of Parliament. Parliament has become, under the nomination of the two party adversary system of politics that we have, a rubber stamp. It is not sufficiently independent of the Executive branch of Government. Rather it is dominated by it, since Cabinet ministers are also members of Parliament.

If the Executive is given power to reduce taxation by regulation it is not a distant step to giving the Executive power to increase taxation by regulation.

So seriously is Parliament's power over taxation taken under our constitutional arrangements, that the rates of income tax are set every year in the Income Tax (Annual) Act. Even where there is no change in the rates that act must be passed.

We are beginning to descend a slippery slope, which if we go to the bottom, will remove the need for Parliament at all. At the moment, the Public Finance Act 1977 provides that "an expenditure of public money shall be made except pursuant to an appropriation by Act of Parliament".

Government cannot be carried on without supply. And supply cannot be secured without Parliament.

Parliament is suffering from a crisis in public confidence—confidence in its ability to function as the central democratic institution in our society. Its capacity to do that will not be increased by taking more of its powers away and transferring them to the Executive branch of Government.

The key to reforming Government in New Zealand lies in the reform of Parliament. We must do more to counter the undisciplined power at the Executive by giving Parliament more ability to check and balance the executive.

The Bill of Rights established conclusively Parliament's power to levy taxes. The removal of those taxes should as a constitutional matter be treated exactly the same way as their imposition. The case for doing otherwise is weak and insubstantial.

Gold price rises revive mining exploration interest

by Helinda Gillespie

NEW Zealand may be in for another mining boom.

The price of gold has increased, and molybdenum and silver are fetching good prices.

The investment climate has never been better in terms of New Zealand readiness to accept foreign investment.

Australia is experiencing a prospecting boom, and the overflow is now reaching New Zealand.

Ray Byrne, executive officer of the Energy Ministry's mining division, confirmed that several mineral exploration licences had been applied for since April, and that NBR's figure of 10 was "not far off the mark".

Over the last six to nine months, said Byrne, there had been a gradual quickening of interest in mineral exploration.

This was directly linked to the price of gold, which has increased on the world market from around \$200 an ounce this time last year to \$283 now.

Several overseas-controlled companies are continuing their exploration program—

Amex, and the American giant, Amstar, is seeking approval to carry out operations.

Amstar is involved with the Waikato Mining Development Company, which operates the former Martha mine at Waikato in the Bay of Plenty.

Amstar is understood to have met with the Overseas Investment Commission to negotiate a deal which gave the company an 80 per cent interest, and New Zealand companies the remaining 20 per cent, in the \$100 million mine.

The Martha mine, one of New Zealand's largest, has not been worked since the early 1950s.

Since then, there has been a limited amount of open cutting by the Waikato Mining Development Company, which has recently been joined by a subsidiary of Green and McCabill Ltd, the Auckland contracting firm.

Some of the remains in un-worked material in the mine, and lower grade ore, previously unrecoverable, is present in the back-fill.

Amstar will make decisions on its commitment to the venture

on the basis of tests of the ore as work proceeds.

In the light of present gold prices, ore deposits throughout New Zealand are worth reconsidering.

These exist in the traditional gold-mining areas—Central Otago, the West Coast, North-west Nelson and Otago.

Numerous mining licences are held by individuals who work areas of the South Island rivers with hand-held suction dredges, generally for low returns.

The main problem with low-grade ore is the high ratio of barren material to be disposed of per ounce of gold. As well as making the cost-benefit of a gold-mining operation questionable, environmental considerations have to be taken into account.

Apart from gold, there is general renewed interest in exploration for both base and precious metals.

Several large companies are prospecting in New Zealand specifically for copper, zinc and molybdenum which, like gold, have steadily increased in value.

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Free market drive threatens to Liquidate honey

by Warren Berryman
NEXT week may mark the death knell for New Zealand's smallest producer board and signal victory for a free market system.

New Zealand's beekeepers will meet in Christchurch next week to decide the future of the New Zealand Honey Marketing Authority. One option they will consider, is whether the HMA should be liquidated entirely and the local and export sales of honey be left to free enterprise.

Beekeepers have been told that the HMA is not a viable proposition in its present form. Small scale honey producers depend on the HMA to buy their honey and fear the growing power of the large honey producer packers.

Large scale honey producers and packers have little use for the HMA. They sell on the domestic and export market in their own right.

They do not want to subsidise the HMA with any form of levy on their production nor do they want the authority's

restrictions imposed on their own operations.

Until recently, the HMA had powers similar to those wielded by the Apple and Pear Board. The HMA bought in all honey offered, stabilised prices, and had a monopoly of all exports of liquid honey.

The strongest support for the HMA's monopolistic powers came from its traditional suppliers, the small beekeepers. They relied on the HMA for packing, marketing and export.

Larger producers had their eye on exports. But the HMA stood in the way with a legislated monopoly.

Last year the balance of power on the HMA's five-man board shifted in favour of the free market large producers.

This country's biggest honey producer and enthusiastic free marketer, Percy Berry, became HMA chairman. He was once prosecuted by the HMA for infringing its export monopoly.

Backing Berry on the HMA board, were two large

producers and packers. This left only one representative of the HMA's traditional suppliers, Ivan Dickinson, in opposition. The fifth man on the board was the Government representative Don Hayman.

Under Berry's command, the HMA relinquished its monopoly on exports, allowing private producer packers to export their own honey. And, as private export orders began to roll in, the financial base upon which the HMA was built, began to crumble. (NZR April 18, 1979).

Two weeks ago, honey producers received a copy of a discussion paper by HMA Government appointed board member, Don Hayman.

The message was clear. Without either its monopoly on honey exports, an industry-wide funding system, or both, the HMA could no longer afford to buy all the honey offered to it. Nor could it carry out its price stabilisation function.

The abolition of the seal levy did away with the HMA's

industry funding.

The increasing move toward private exporting undermined the export monopoly.

To carry on its traditional functions, the HMA required working capital of about \$1.5 million, Hayman wrote.

"The Minister of Finance has indicated that he is prepared to match the authority's own capital by a similar amount of Reserve Bank overdraft, but that any long-term assistance at a greater level than this will not be forthcoming.

"The authority's equity, at last balance date, was under \$800,000 and it is only because our equity was previously higher that we have continued to enjoy an overdraft limit of \$700,000.

"Temporary extensions above this limit have been granted in the past, but the Minister of Finance has made it clear that no further extensions will be given for the purpose of enabling the authority to carry out its industry-wide functions unless

the authority's equity is increased, and he has suggested that this is the responsibility of the whole industry," Hayman wrote.

To continue in its traditional role, the HMA would have to find at least \$100,000 a year. To raise this amount from its 2000 tonne throughput, would require a contribution of five cents a kilogram from the producer.

This in effect would mean that producers, supplying the HMA, would receive five cents a kilogram less than those supplying private packers or exporting themselves.

"Suppliers to the authority cannot continue funding the authority for it to be able to carry on performing its traditional functions," Hayman wrote.

The nub of the problem was, whether the industry as a whole, should pay a levy to the HMA.

This sort of enforced centralism would suit the small producers, but not the large free market producers who want nothing to do with the authority.

Authority general manager Curtis Wicht wrote a covering letter to accompany Hayman's discussion paper. Wicht suggested that the future of the HMA be decided by referendum after being discussed at the beekeeper's conference. Even the referendum solution might pose some problems.

Voting on HMA matters is usually done on a system whereby one unit has one vote for every 25 litres he owns up to a maximum of 100 votes. This system gives Berry and his free market faction the advantage.

But the small honey

producers are likely to find a one man one vote system for a levy on all production to be paid to the HMA.

After receiving Hayman's paper and Wicht's letter, honey producers by talking about a Berry-led move to abolish the HMA.

So Berry sent out a fact newsletter explaining why he had produced a discussion paper.

Hayman's paper laid out options for the HMA:

• The HMA carry on as present, buying all honey offered, operating a guaranteed base price scheme, and the stabilisation fund. To do this requires an industry price or sales levy of two cents a kilogram. Or an increased levy from 17.5 cents a tonne.

• The HMA continues present financed monopoly on honey.

• District producer organisations could be set up by those beekeepers wishing to participate. This could be achieved by having a district co-op buy HMA's existing operations with financial help from HMA.

These co-ops would act with the HMA's traditional functions, but have no liability to the industry as a whole, and no guarantee of stabilisation aid.

The export control function would remain with the HMA, which would be renamed Honey Export Control Authority or some similar.

• District producer

authority

organisations or a national producer organisation, would be established as in the third option, with a Honey Export Control Authority but without an industry stabilisation scheme.

• District co-ops or a national producer organisation could be established with no controls on export and no stabilisation scheme. The HMA would be dissolved and its assets held in a fund administered by the Public Trustee who would act on the advice of the National Beekeepers Association from time to time.

• The HMA sells its existing operation as is where is on the open market with its funds administered by the Public Trustee.

The Hayman paper made the point that "it is not reasonable or fair for regular suppliers, if they form less than half of the total number of commercial beekeepers, to enforce on the rest of the industry, either a levy or export controls, when the rest of the industry do not want those and are prepared to do without the authority's industry-wide stabilisation functions".

"If producer organisations do take over from the authority the present guaranteed price and stabilisation scheme will have to be discontinued, as it would clearly be unfair to require one sector only of the industry to have its income stabilised.

The Government considers that in this event an industry wide stabilisation scheme should be established, in line with its policy in respect of other primary industries.

"This however, is a matter for the industry itself to determine and the Government would be hesitant to impose a stabilisation scheme on the whole industry against the majority's wishes, unless market realisations were threatening to soar to unprecedented levels as was the case in 1972-73," Hayman wrote.

If the HMA is abolished, it now appears likely that South Island producers would be willing to set up a co-op with something like a 1500 tonne a year throughput. A smaller Auckland co-op, with a 500 tonne throughput, might also be established by small honey producers in the North.

If this happens, Government would bow out of this small primary producing sector allowing free market forces to rule.

BCNZ network advertising switch swings channel revenues' balance

by Warren Berryman

THE BCNZ's decision to make TV One advertising time available only to network advertisers, leaving the whole regional scene to SPTV, is having a dramatic effect on channel revenues.

Regional advertisers, barred from TV1 by the BCNZ decision, shifted their ads to SPTV. As a result, SPTV's time is just about booked out from now to Christmas and some advertisers are being turned back for lack of available time spots.

Business is booming for SPTV.

Sales and marketing director Maurice Ulrich said gross revenue for this month was up \$790,000 on July last year.

An educated guess would put SPTV's revenue about 70 per cent up on last year's levels.

But, while business is so good for SPTV, it is turning some away.

TV1, in the meantime, is

offering advertising space at half price to try and fill the holes left by the departing regional advertisers.

The half price deal was offered to advertising agencies last week and will be open until Saturday.

TV1's half price offer raised more than a law eyebrows in the advertising world.

TV1 has always adopted a rather by-the-book Government-servant style when disposing of its advertising time. In contrast, SPTV has been known for its flexible and aggressive marketing approach.

TV1's controller of sales and marketing, Richard L'Estrange explained this change in style: "We had some holes to fill in July. I thought it would be an interesting experiment to see if there wasn't any spare money out there in the advertising budgets."

L'Estrange said the half price deal filled some holes, particularly in Tuesdays, Wednesdays and Thursdays —

not Fridays and Saturdays. But the half price experiment proved there was not a bottomless barrel he said.

Some ad slots would remain unsold even with the half price offer.

Despite substantial advertising rate increases, TV1's ad revenue is running at a level only about equal to last July's.

Other factors, apart from the additional regional ads gained from TV1 contribute to SPTV's success.

Starting this month, SPTV increases its regional ad time from 96 minutes a week to 132 — a 37 per cent increase.

And SPTV added a sixth region, Palmerston North, giving the channel a whole new regional breakout to sell advertisers.

Thirdly, SPTV's programming has been pulling better ratings in recent weeks.

Looked at from SPTV's viewpoint, the BCNZ decision to split the two channels' into regional and network, was a

profitable idea. But looked at from the viewpoint of the whole corporation, both channels included, it raises some questions.

Namely, would those regional advertisers, who have been turned back by a fully booked SPTV, gone to TV1 had they been able?

If the answer is yes, and this is likely, then TV1 is offering ads at half price which it might have received full price for had it gone to regional advertisers.

Regional ads always pose a problem.

While a network ad is shown throughout the country in one time slot, a regional ad shown in one region only must be balanced with other ads showing at the same time in other regions.

But this should pose no problem to TV1 as its regional support was strong — at least until the decision to drop all regional ads.



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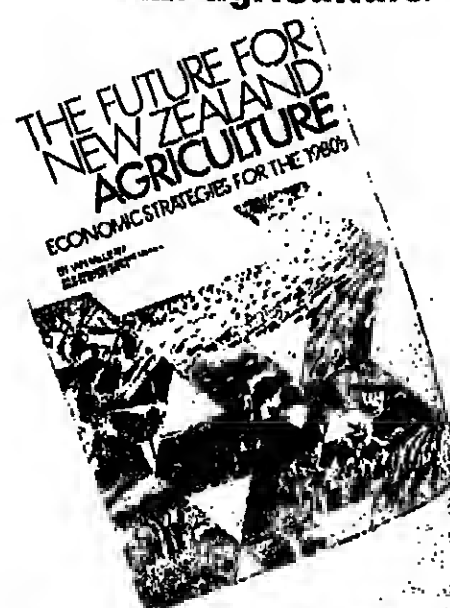


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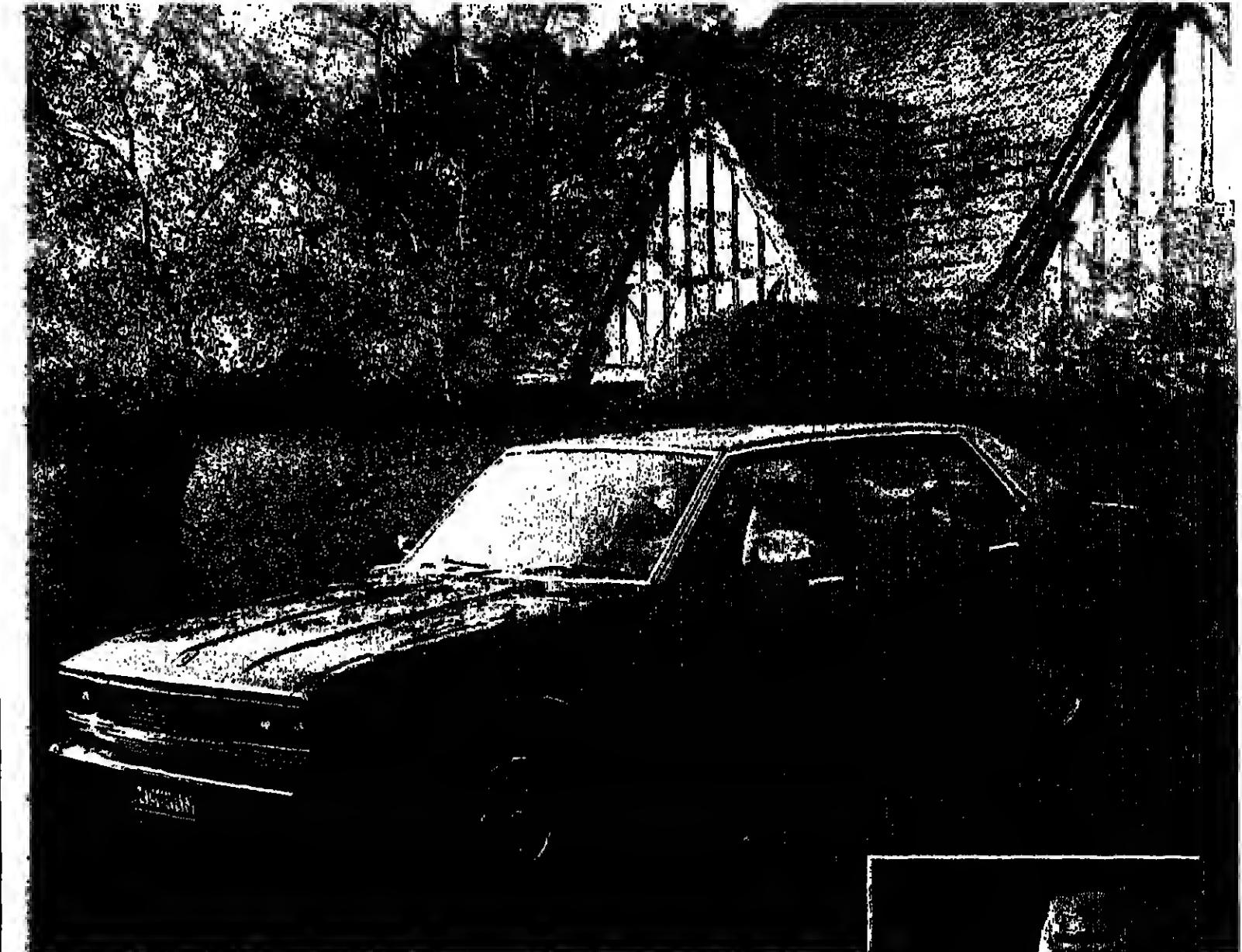
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Why Concept Video's founder was absent . . .

by Mary Vernham
ONE man was conspicuously absent from the ceremonies when Concept Video NZ Ltd officially opened its vamped up and fully equipped premises in the Wellington suburb of Miramar the other day.

He was Donn Lock, who founded the original company, under the name Concept Video Ltd, in 1974, and worked for the next four years to make it a major contender in the big money TV-video stakes.

In November 1978, keen to expand and needing backing to do so, he took Independent Newspapers Ltd on board as an equity partner.

The future was bright. After months of effort, including several trips to Australia to get support from top ad agencies there, Lock had secured a licence to import more than \$900,000 worth of the latest video equipment.

Staff were hired, the premises were expanded, equipment started to arrive.

On July 2, eight months after he had signed the Heads of Agreement with INL, and just one week before the Miramar premises were launched in a fanfare of publicity, Lock was fired.

The firing came as a shock to many.

Lock is known as one of the most promising talents in the communications field, with a reputation for entrepreneurial flair and the ability to look ahead while others are still marking time.

But for others close to the action, the writing had been on the wall for some time.

"It all boiled down to personal style," said one.

"INL, like most of the big publishing outfits, are a pretty conservative, shirt-and-tie lot. Lock's outlook, his flamboyance, even his style of dress (jeans and open-neck shirts) didn't go down too well. A parting of the ways was inevitable."

Lock, with a background in electronics and media, founded Concept Video with a

term loan of \$5000.

The company rented video equipment and produced programmes for closed circuit TV.

Business flourished. There were virtually no competitors and in four years assets were more than \$100,000.

By 1978 the company was turning over about \$12,000 a month.

Two things encouraged Lock to expand the operation into a full broadcast production facility.

● Wellington, with a number of big ad agencies needed more facilities for the production of television commercials. One agency alone estimated that it spent an extra \$27,000 a year going to Auckland to make commercials. Others took the work to Sydney or Melbourne.

The sort of money going out of New Zealand for this purpose was \$1.5 million annually.

● The rapid growth of the home video market overseas.

Home video is a system by which programmes are stored on cassettes and can be played at will on specially designed TV sets. Yet to take off in New Zealand mainly because the cost of importing the machines is prohibitive here, home video is surging in popularity in the United States, Britain, Japan, Australia and elsewhere.

Experts put the potential worldwide market for New Zealand-produced home video programmes at between \$4 million and \$10 million a year.

Midway through 1978 Lock began looking for an equity partner with clout.

INL, suggested to him by a contact in Byromlands, seemed ideal. Publisher of several leading newspapers, it was already in the communications field and was keen to extend its interests into video production.

Discussions were held in July and the INL directors indicated that, provided Lock was able to secure an import licence for the necessary equipment, the deal was on.

Lock's first application to



DONN LOCK... showdown seemed inevitable.

the Department of Trade and Industry was turned down in late August.

Soon after, he submitted a second which went in depth into the export-earning potential of home video programmes and the overseas reserves-saving potential of locally produced TV commercials.

The application contained letters of support from every ad agency in New Zealand.

Later Lock flew to Australia and came back with letters of support from 10 agencies in Sydney alone.

By this time Lock had a lot invested in the project. For nine months, from March to November 1978, he had had no salary and had run up a large personal overdraft pitting the project together. The strain on his private life had been great.

During this period his wife and young child left him. Technically, he was close to bankruptcy.

In the early months of 1979 the cracks began to show. It became evident to insiders that Lock and the INL nominees had different ways of going about things.

When, for example, there was talk of private enterprise taking over some or all of

Just days afterward, a Heads of Agreement was signed by Lock and INL.

By this time, two other people were involved in Concept Video. They were Mike Mune, who had been head of commercial production at TV1, and Ray Shaw, who had recently retired as the channel's controller of sales and marketing.

On December 1, under the terms of the agreement, the

name of the company was changed to Concept Video NZ Ltd.

Its original share capital was \$150,000, with \$50,000 more to be issued in April 1979.

There were seven directors — Alan Burnet, Jim Crook, Jack Dent and Jim Carney from INL, plus Lock, Mune and Shaw.

Shaw was appointed chairman. Mune became general manager and chief executive producer. Lock was named managing director.

Relations appear to have been very amicable. Preparations began in earnest for the launching of the new, expanded facility.

Early in 1979, Lock persuaded the tenants in the other half of the Miramar building to move and Concept Video took over the lease on the whole building.

While reconstruction was taking place, the company operated out of temporary premises in downtown Wellington. Conditions were difficult and the revenue earning was still the same as that of the old company. But for Lock and the old Concept Video team, the dream was becoming reality.

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CONCEPT VIDEO... business flourished.

TV2's viewing time, Lock told the press that Concept Video was interested.

The INL team thought his comments had been precipitous.

There are said to have been personality clashes, particularly between Burnet and Lock.

Under the agreement with INL, Lock, together with Mune, was to have had the opportunity to buy into the April share issue. His entitlement would have given him a 16.6 per cent shareholding in the company.

April came and went. The shares were not offered to him.

It seemed to some only a matter of time before there would be a showdown.

In June, just after Queen's Birthday weekend, the board put a proposal to Lock. Citing insolvency, including "failure to perform", and the fact that he was close to personal bankruptcy, it offered to pay his bills if he would quietly resign.

He was not to talk to the press or anyone in the business.

"It was," said a colleague, "a clear-cut case of take the money and run."

Lock said no. He was immediately placed on

suspension on full pay. Three weeks later, three hours before a legal hearing on his alleged "failure to perform" was due to take place, Lock's barrister received a letter.

It contained a year's salary for Lock, notice of his removal as a director and notice that his employment had been terminated.

The vote by the board of directors of Concept Video NZ Ltd against Lock apparently had been unanimous.

Board member Burnet referred our inquiries to Shaw as chairman.

At the time of going to press, Shaw was at Concept Video's Auckland premises and could not be reached for comment.

Further legal action is known to be pending and both parties are, for the time being, reluctant to discuss the matter.

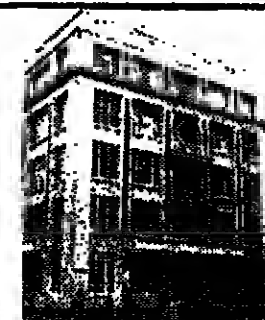
Interestingly, INL's annual report for the year ended March 1979 described performance as "mixed and somewhat disappointing" and the company may be looking to Concept Video to bolster up its showing in the future.

With Lock gone, the communications industry will be watching with more than usual interest to see whether it does.

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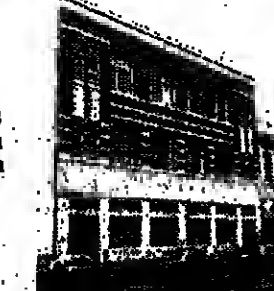
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To obtain a detailed brochure and registration, please phone:

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Wellington: N.Z. Institute of Management, phone 723-769.

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Phone 797-766; 798-377.

PG

NBR BUSINESS WEEK

Economists give extra shine to crystal ball

by Peter V O'Brien

"READERS will agree that economic forecasting is a chancy business", the Institute of Economic Research always warns in the preface to its quarterly Predictions.

The June edition reinforces the warning. The Institute's prognostications were prepared and printed before the Budget. That is unfortunate, because a calculation of the Budget's impact on the economy would add to the publication's validity.

But the crystal ball was well

polished this quarter. Referring to the deficit before the Budget, the Institute says: "A Budget Table 2 deficit of \$1448 million has already been announced for 1978-79 with the publication of the Public Accounts for the March quarter, 1978. Given our above argument (regarding Government expenditure and the effect of fiscal drag—higher proportionate tax receipts as incomes rise in dollar terms—on Government income), we estimate the Budget Table 2 deficit will reduce slightly to \$1300 million this year."

Of course, the Government's estimate of the deficit before the Budget is likely to be lower. This Government has followed the practice of publishing one estimate in the Budget and then changing this estimate later in the year, mostly after the supplementary appropriations have been voted in September. The actual deficit has always turned out to be at least \$300 million out either way.

First is the tax on public service back pay which was paid out in October, 1979. This has to be accounted for in the current financial year. Second is the effect on company provisional tax of the removal of the stock adjustment allowance.

In 1978-79 companies paid tax on the basis of their 1977-78 assessments, a year when they had the benefit of the stock allowance. In 1979-80 they pay on the basis of actual income in 1978-79, so company tax will be up (subject to actual profitability from trading) on the previous year's figure. Third, the new system of taxing secondary employment, which includes back pay, at 35 per cent, will take care of any lump sum retrospective payments made to the public service this financial year.

In these circumstances, the Institute's forecast of a regular \$300 million margin of error may be too high, but a figure in the region of \$150 million to \$200 million seems realistic. That would put the deficit at between \$1240 million and \$1290 million, compared with the Institute's pre-Budget forecast of \$1300 million, a reasonable margin of error when the forecast was made in the absence of the Budget.

The Institute's forecast for growth rate in gross domestic product this year suggests, if reasonably accurate, a continuing dull period for the economy. "Growth in 1978-80 is forecast to slacken to 1.5 per cent. This slowdown is unlikely to be very noticeable in the immediate future, at least in consumer and farming related sectors, as demand in these areas still seems reasonably buoyant. Tighter credit conditions, especially in the form of interest rate pressures, and low business confidence will probably mean, however, that capital goods production will be more severely affected."

There seems little prospect of a stronger labour market, and unemployment is likely to persist throughout the forecast period... because growth is not expected to be particularly strong, and profits squeezed, businesses are likely to attempt to increase supply by using available capacity rather than extra labour wherever possible.

Private sector rates are now at 15 per cent (at least for the finance company), the Government's borrowing programme will probably need to maintain present rates in view of the \$40 odd million received in the New Zealand savings stock, and there are clear warnings that the 12 per cent guideline for private sector credit expansion this year will be enforced.

Those three developments... It's a good feeling to be working with people like • Australian Guarantee Corporation (NZ) Limited • BNZ Finance Limited • Broadlands Finance Limited • Challenge Finance Limited • Finance and Discounts Limited • General Finance Limited • Lombard New Zealand Limited • Marac Finance Limited • NZ Finance Limited • UDC Finance Limited.

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NZ FINANCE HOUSES ASSOCIATION (INC.) Wakefield House, The Terrace, P.O. Box 1050, Phone 721-731 Wellington.

These famous signatures appear on a strict code of ethics

These famous signatures appear on a strict code of ethics



Ten of the leading New Zealand Finance Houses have banded together to form the N.Z. Finance Houses Association. Its members have an important and responsible job to do. As well as providing investment opportunities for investors large and small, they provide funds to help industry and agriculture develop and compete more successfully in export markets. Members operate according to this Code of Ethics.

1. The foundation of the finance house industry is based on confidence. Such confidence is created only by fair treatment, courteous and efficient service.
2. Members will at all times conduct their business honourably and employ ethical practices in every activity.
3. Members will explain fully to customers the cost, terms and contractual obligations of credit transactions. Written documents will be as simple, lucid and unambiguous as circumstances will permit.
4. The business will be maintained as a constructive agency in community life and members will endeavour to conduct their business to provide financial benefit and help for the customer, whether consumer or producer, individual or company.
5. Members will discourage commitments by borrowers in excess of their financial resources.
6. Truth in advertising will be the guiding principle of all promotional efforts.
7. Association members support legislation which regulates and supervises the industry and which gives due regard to the public interest and encourages and safeguards the savings of the community.
8. Members will support other organisations striving effectively to improve economic and social conditions of all New Zealanders.



NZ FINANCE HOUSES ASSOCIATION (INC.) Wakefield House, The Terrace, P.O. Box 1050, Phone 721-731 Wellington.

Analysing annual accounts

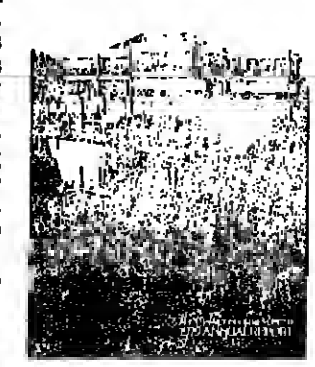
by Peter V O'Brien

ALEX Harvey Industries Ltd is one of the country's largest companies, with shareholders' funds of \$107 million and total assets worth \$197 million at March 31, 1979. The annual report is in keeping with the organisation's status, but even AHI could improve its presentation and level of disclosure.

In line with the latest "standard" from the Society of Accountants, the group reveals its turnover \$243.7 million, compared with \$220.1 million in 1978, but that is not a new departure for the Auckland-based manufacturer. AHI has regularly provided this information, and given a breakdown in graph form this year of expenses incurred in earning pre-tax revenue.

Export sales were 13 per cent of the total, compared with 10.6 per cent in the previous year. The increase in exports over five years is impressive, since the group exported only 4.3 per cent of total sales in 1975.

Information in the profit and loss account is satisfactory until we reach the pre-tax



\$19,851,000. The relationship between tax and pre-tax income in each year was respectively 12.6 per cent and 21.7 per cent.

A note to the accounts says: "In arriving at the amount of current taxation to be provided in the consolidated profit and loss account full allowance has been made for all deductions available under current taxation legislation."

Export incentives probably accounted for a large part of those deductions, since exports

sales increased significantly, and the stock adjustment allowance was unavailable in respect of taxation for the year ended March 31, 1979.

But there is no indication of the deductions, whether in total, or in relation to the various allowances and incentives permissible under "current taxation legislation".

The information is desirable, and will become more desirable when the new system of export tax incentives is applied.

AHI's products come within several of the export incentive "bands". The company should provide a better level of disclosure than that given in this year's report.

Group net profit, after allowance for minorities, was \$13,992,000 as against \$14,294,000 in 1978, but the pre-tax revenue shows a drop from \$19,851,000 to \$17,467,000. In the absence of a breakdown of the tax allowances it is better to rely on profit before tax as an indication of trading, because it is impossible to compare

1979's net "apples" with 1978's net "pears".

The balance sheet is straightforward, although the company could have broken down the \$53.1 million 1978, \$40.9 million 1979, "stock of raw materials, work in progress and finished goods". The text includes references to "difficult trading conditions" and "downturns" in particular industries. It would be useful to know the amounts invested in the three categories, which total \$53.1 million, or 26.9 per cent of total group assets.

A growing proportion of finished goods, for example, could mean that AHI or any company is manufacturing for stock, rather than for order, a trend which might indicate difficulties in future unless there is some economic improvement. The information is excluded from the accounts, so shareholders and other readers either ask a question at the annual meeting or accept that the company's affairs are being conducted in line with the state of the

economy.

These criticisms may seem a counsel of perfection, but in a company with AHI's diversified interests, close association with the depressed building industries, and corporate status, they are matters which would improve the report, while taking up little extra space.

How does a shareholder, or potential investor, assess AHI's likely performance in the absence of figures showing the company's involvement in building supplies as opposed to manufacturing products for the better performing agricultural industries? The company is in good financial shape. The proprietorship ratio is 54 per cent, and cash flow was 10.2 per cent of total assets at balance date, compared with 11.6 per cent in the previous year. The relationship is down on 1978, but is still good, after allowance for difficult trading conditions in a company providing products to many major industries.

Exchange rates

As at July 12, 1979, \$/NZ is worth:

Australia	5013	Malaysia	2,1812
Britain	4545	Netherlands	2,0282
Canada	1,1748	New Caledonia	
Fiji	8290	and Tahiti	78.14
Japan	218.73	Norway	5,1115
West Germany	1,3391	Pakistan	9,9227
USA	1,0121	Papua-New Guinea	On App
Austria	13.55	Portugal	49.10
Belgium	29.47	Singapore	2,1762
China	1,5527	South Africa	8555
Denmark	5,2889	Spain	66.50
France	4,2806	Sri Lanka	On App
Greece	36.30	Sweden	4,2717
Hong Kong	5,1855	Switzerland	1,6634
India	7,0478	Western Samoa	8853
Italy	827.10		

Key indicators

		Current Period	Previous Year	Per 1% Change
Consumers Price Index - all groups base Dec 1977 = 1000				
	June 79 Qtr	1177	1047	+12.9
Building Permits Issued	Feb 79	184.7m	167.7m	+10.2
	Feb 78	211.2m	211.0m	+1.2
	May 1979	8,035,400	8,075,000	+1.2
Official Overseas Reserves				
Registered Unemployed - incl those on special work schemes	June 79	20,954	16,112	+18.9
NZLC Share Price Index	July 13 1979	333,129	331,329	+0.9
Reserve Bank Share Price Index	July 11 1979	1411	1301	+8.5

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PAGE 10 SHOWS YOU WHERE AUCKLAND HAPPENS

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RUBBISH PELLETS

A cure for Auckland Hospital's burning pains

Every day, the 1100 bed Auckland Hospital in Grafton produces at least eight cubic yards of rubbish. Wet, dry, inorganic and pathological waste. The disposal problems are an engineer's nightmare. By law, the pathological waste must be destroyed on site. At Grafton it's burned in an incinerator designed and built years before environmental pollution awareness latched the Clean Air Act.

The rest of the rubbish is compacted and carted off to a tip, a practice disapproved by some administrators. For the safety of public health, they say, it's undesirable to transport any form of hospital waste through metropolitan areas.

Relief is imminent. Environmental Ethics Trust, a group formed three years ago with the object of recycling all kinds of waste, has formulated a remedy—hopelessly a permanent cure for the engineers' discomfort.

Last year, through its sponsorship programme, Mobil Oil New Zealand Limited dispensed a substantial cash grant to the Trust. Enough to finance a thorough programme of trials and experimentation.

The Trust's scientists declare that virtually all the wet, dry and inorganic rubbish could be burnt. By composition, hospital waste has a high calorific value. In other words, it gets very hot when it burns.

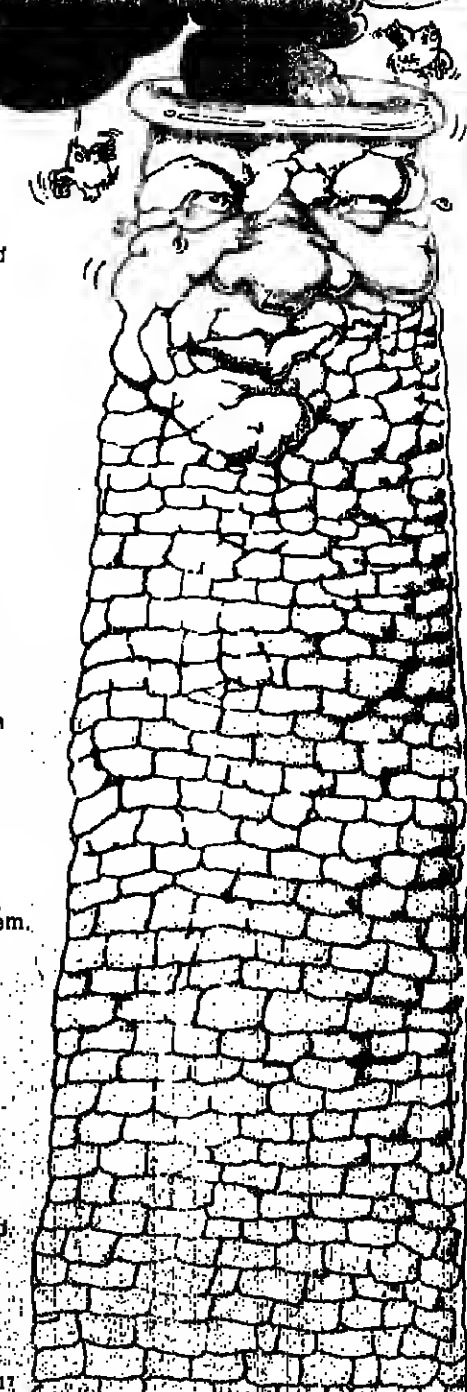
Extraction of energy from rubbish is remarkably simple. First the material is shredded. Then it's compacted in a machine which extrudes small, solid fuel pellets. Mixed with coal in the Hospital's boilers, they could stretch the energy supply providing hot water for kitchens, laundries, wards and laboratories. Already it's been proved that a commercial boiler designed for coal can run effectively on 100 per cent rubbish fuel.

Unlike coal, the base material for this apparently limitless energy source has an attractive fixed price. Free. The only cost is shredding the rubbish and pelletising it. So fuel pellets might turn out to be just what the doctor ordered. A reef shot-in-the-arm for a nation trying to conserve precious fossil fuel... or for a hospital struggling to limit operating costs.

In Auckland, projected savings could buy a new incinerator for the Grafton Hospital's pathological waste, ending the black smoke problem. To help Environmental Ethics Trust continue its valuable work, Mobil has injected a booster to the finances. Enough to show our confidence in the future of rubbish pellets—a potential alternative to precious fossil fuels.

For further information write to: "Hospital Rubbish Pellets", Public Affairs Department, Mobil Oil New Zealand Limited, P.O. Box 2497, WELLINGTON.

Mobil



NBR SHAREMARKET SURVEY

WEEK ENDING JULY 12, 1979

been fully covered by DRC's March 31, 1979 either by lending equal amounts in foreign currencies or by arranging satisfactory long- and short-term forward exchange contracts." It would be better to show the actual loss experience, in line with many public companies accounting practice.

by Peter V O'Brien

INVESTOR INSIGHT

It is hardly surprising that public companies are endeavouring to lift their payoffs and/or bonus issues to shareholders. Higher returns including dividends from capital reserves, which are free of tax, help to maintain the attractiveness of equity.

... **explains** ...

... with longer maturity
yielding more than 14 per
cent, a situation which may be
one of the reasons for General
Electric's decision to move its
operations up to 15 per cent.

Address: _____

Private Bag, Henderson,
AUCKLAND, 8.
Please send me, without
obligation, the Prospectus for
your new \$600,000 Loan Issue.
Name:

The graph displays the monthly average temperature in degrees Fahrenheit over a 15-month period from May 1978 to July 1979. The y-axis represents temperature in degrees Fahrenheit, ranging from 270 to 370 in increments of 10. The x-axis shows the months from May 1978 to July 1979. The temperature starts at approximately 310°F in May 1978, rises to a peak of about 335°F in April 1979, and then fluctuates between 320°F and 335°F through July 1979.

Month	Temperature (°F)
May 78	310
Jun 78	325
Jul 78	330
Aug 78	325
Sep 78	320
Oct 78	320
Nov 78	315
Dec 78	320
Jan 79	320
Feb 79	315
Mar 79	320
Apr 79	335
May 79	325
Jun 79	320
Jul 79	325

Birth of a concept

WELLINGTON now has videotape recording equipment more modern than that of Thames Television in London. That was the message given to an audience of advertising agency men in Wellington recently at a champagne breakfast marking the advent of Concept Video (NZ) Ltd.

Similar functions were programmed for Christchurch and Auckland.

The speaker who delivered the message was Andrew Brown, New Zealand-born producer of many of Britain's best known television programmes, including "The Guardians", "Rock Follies" and "Edward and Mrs Simpson". He was here as a guest of Concept Video to participate in the three-city launch.

He briefly outlined the advantages of VTR. "You can see what you're getting as you record it," he said. "You can treat it as a film camera, but edit as you go. You can incorporate effects more or less at will. And the most in-

valuable thing of all — you can experiment.

Discussing trends in television drama in United Kingdom, Brown emphasised the greater flexibility made possible by the new mobile outside broadcast videotape recording units.

Instead of constructing sets at astronomical costs, existing buildings could be used.

In non-naturalistic productions, such as "Rock Follies", technical effects could eliminate the need for sets. Sequences from that show were played to demonstrate technical and lighting effects possible with videotape recording.

From its 1200 square metre complex at Miramar, Concept Video offers the facilities to produce everything from advertising commercials to television programmes or closed circuit television for conferences or sales promotion.

The extensive range of modern equipment includes a fully self-contained mobile recording unit in highly compact form which is the only one of its type privately owned in New Zealand.

Chairman of the new en-



ADMARK

terprise, Ray Shaw, retired marketing director of TV1, described it as "the most modern video production unit in New Zealand."

That sounds like fighting talk and there'll be no lack of either film or VTR contenders ready to climb into the ring.

White heat cools in print

WE DOUBT whether airing industrial disputes in public via the medium of advertising is an effective way of influencing opinion except for that of your members the they employers or employees who

are on your side anyway. This opinion was reinforced when we read the advertisement inserted by the New Zealand Public Service Association dealing with the electricity workers' dispute.

Through the difficulties in late in presenting a case which has already been widely reported and debated in the media call for extremely professional handling, generally the job is left to amateurs.

And it shows. The white heat of argument carries on into print and the writer fails to realise that the use of highly emotive language isn't necessarily going to trigger the same response in a reader.

This ad, for instance, talks about "monstrous reaction", "provocative slap in the face" and "holding a gun at workers' heads".

Then there is the question of truth which we suspect is always the first victim in this kind of argument.

We may well be told the truth, but is it the whole truth and nothing but?

This ad states: "Because they electrically workers disagree with the Prime Minister he changes the law."

The public's recollection of this will be that on the PM was reacting to a disagreement but the threat of industrial action and that he was countering the threat with another threat and had not changed the law at the time the ad was run.

Any advocate employing advertising to further the cause in an industrial dispute needs to be concerned with the reactions of bystanders who are not involved in the argument but are directly affected by the results of industrial action.

In this PSA ad, under the sub-heading "The action has

A SERIOUS INDUSTRIAL MATTER?

The costs are small. The action has been moderate. The government response is serious.

The requests are moderate. The government response is serious. The costs are small. The action has been moderate.

How did the dispute develop? THESE ARE THE FACTS

For fifty years they kept electricity flowing. The requests are moderate. The government response is serious.

Three years later, the review has not been completed. The requests are moderate. The government response is serious.

What does this mean to you? The requests are moderate. The government response is serious.

made annually for the Zenith by Australia's B&B magazine and is based on tapes submitted. (The Hummel won the command of the year award.)

The programme at TV1 latched on to this information and there was Dave Mahoney telling his story on the Gotchy programme at 1 p.m.

He was interviewed and of his "phantom phone call" which he had achieved in fame in Wellington, he played back for a total of four minutes of first-class publicity.

You lose a few and win a few. The requests are moderate. The government response is serious.

How can you sell to 89,000 New Zealanders for only \$45.45?

Ask your adman. The requests are moderate. The government response is serious.

radi

How can you sell to 89,000 New Zealanders for only \$45.45?

Ask your adman. The requests are moderate. The government response is serious.

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How can you sell to 89,000 New Zealanders for only \$45.45?

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been moderate" the copy did with previous power on stating that "the only effect the public has been a degree of inconvenience for which is pressed regret."

So, if you apologise to the public for withdrawing a service which belongs to the and for which they pay, the makes it all right?

If industrial problems are not increasing, at least the media coverage of disputes seems to be. Under the language of verbal warfare the public reaction may well be suspend belief.

Seven months negotiating had been lost through no fault of the PSA

is the dispute nearly settled?

This is not true

What does this mean to you?

made annually for the Zenith by Australia's B&B magazine and is based on tapes submitted. (The Hummel won the command of the year award.)

The programme at TV1 latched on to this information and there was Dave Mahoney telling his story on the Gotchy programme at 1 p.m.

He was interviewed and of his "phantom phone call" which he had achieved in fame in Wellington, he played back for a total of four minutes of first-class publicity.

You lose a few and win a few. The requests are moderate. The government response is serious.

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Small operators feel forgotten

by Wayne Brittenden

HE'S far too relaxed and free-speaking to be mistaken for a mogul from Mitsubishi he'd hate that to happen), but Toshihiro Fukurai seems at first glance to be the typical Japanese businessman.

What sets him apart from his peers is a staunch commitment to the political left. Fukurai, 43, has been in business for 18 years. The first 10 were as a disenchanted cog in an unnamed corporate wheel and the remainder as one of three partners in a small export operation dealing mostly in wooden household goods and kitchenware.

More than a third of his turnover comes from New Zealand.

"I was in Auckland during the oil crisis in 1972," he recalls.

"That's when I became interested in politics. I was dining with a New Zealand customer who told me that there was war in the Middle East. That was the start of my unhappiness."

"I got good orders from him and flew back to Tokyo, but I started to realise that costs were going sky-high and that even good orders couldn't be profitable."

"All of them were cancelled. After the war, the United States dollar and foreign trade currencies got into the floating system and it got more difficult. A quotation from a factory today was useless because next week the price would go up."

Fukurai insists that the present Japanese economy is artificial and "manipulated by a small minority".

He claims that some have profited from the oil shock but he and his friends in other small businesses have been virtually destroyed.

He argues that while large export operations were able to capitalise on the state of the soaring yen and the world market by switching to importing, small manufacturing exporters went under because of the under-utilisation of their equipment and insufficient capital to make the transition.

In many respects he typifies a growing number of Japan's small company operators who feel forgotten. Others, he says, know what's happening but have to keep silent because they are sub-contracted to the giants.

For Fukurai it has meant bitter retaliation by becoming an arch-opponent of the ruling Liberal Democrats, an activity that seems to stem more from resentment than ideology. The dark-suited company man is no Che Guevara, but at times he sounds like a Marxist and at others, he's more akin to a Rockefeller.

"The banks are now grasping the heart of the Japanese economy and they must be nationalised," said Fukurai in one of his more radical bursts.

"The industrial corporations are under banks such as the Bank of Japan, which belongs to the Government."

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TOSHIHIRO FUKURAI... bitterly retaliates against ruling party.

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State publicists: (PM) Muldoon



SIR JOHN MARSHALL ... "no longer represents National Government"

by Bob Edlin

WHEN the Prime Minister, Rob Muldoon, dismissed TV's Ian Fraser as of "no use to me", he said it all. Broadcasters are there to serve him, not to serve the public.

Muldoon made clear his expectations from BCNZ current affairs staff in his weekly column in Truth, in which he appraised the treatment of the Budget by TV1 and TV2.

TV2 the channel he was thinking about selling off to private enterprise a few weeks back) scored well.

Significantly, it had "used Budget night to interview me in some depth with straight and intelligent questions, the answers to which helped elucidate some of the thinking behind the Budget."

"The following day, having had time to digest what was in the document, the Leader of the Opposition faced up to a similar series of questions which were broadcast that night. I believe that those who watched both programmes

would have got something out of each of them, and about as much as television is able to do, given the limits of time."

TV1, in contrast, and "doubtless believing that it was being clever", had been remiss in asking Sir John Marshall to front up with the Leader of the Opposition and Ian Fraser.

"Budget programmes with two opponents and a precocious interviewer have never been very good, but on this occasion it was even less successful," Muldoon observed.

The problem for public enlightenment, as Muldoon explains, was that Sir John no longer represents the National Government and cannot keep up with the day-to-day detail of Government policy and administration.

The problem for TV1, of course, was that Muldoon wouldn't appear on the programme.

The reason given by Muldoon was that "TV1 wanted to use their precocious

front man Fraser, but on his recent expressions of views and past performances on Budget night, he was in no use to me."

Probably no Prime Minister had so strongly asserted that public broadcasters should be vehicles for Government publicity since Labour's Michael Savage set up the National Broadcasting Service in 1936.

Savage unabashedly introduced radio to communicate unquestioningly the Government's policies and decisions to the public.

The first step in the formation of a national system of broadcasting in New Zealand had been taken in 1925, when an agreement was made between the Radio Broadcasting Company of New Zealand and the Postmaster-General. The company's main objective was to establish stations in the four main centres.

This was achieved by 1929. The agreement expired in 1931 and was not renewed. Instead, a form of public control was set up through the New Zealand Broadcasting Board. This was given responsibility for extending the national broadcasting system.

Responsibility for broadcasting matters had been vested with the Postmaster-General. But the Labour Party complained that the Government should be clearly responsible for the operation of such an important public utility.

Soon after its election in 1935, the Labour Government abolished the Broadcasting Board and brought its services under full departmental administration.

Permanent members of the service became officers of the Public Service. And the Government introduced the Ministerial portfolio of Broadcasting.

The Prime Minister himself filled the Broadcasting portfolio.

"The Government is going to be the master of publicity," he asserted.

It was, the news service was set up within the Prime Minister's Department. Later, it was moved to the Ministerial portfolio of the Minister of the Public Service.

India news broadcasts essentially comprised ministerial handouts.

Not surprisingly, a sceptical public came to dismiss the service as nothing better than a propaganda machine.

That's largely the way things remained till 1961, when the National Government undertook a fundamental reform by transforming broadcasting into a public corporation. But it maintained the Broadcasting portfolio.

The whole point of setting up a statutory corporation is to allow operating independence by interposing a board between Government and State enterprise.

This should have reduced significantly broadcasting's vulnerability to political interference.

But the new constitutional arrangement doesn't seem to have been appreciated by the member for Tamaki, R D Muldoon. He was the first MP to ask a Parliamentary question on a matter for which there was no longer ministerial responsibility.

The Minister was Arthur Kincaid, and he declined to reply because the question involved an aspect of day-to-day administration.

The Speaker agreed that "the matters which are the subject of this question are not the responsibility of the



HUGH TEMPLETON ... nominal Minister.

Minister. They have nothing to do with him. They are the responsibility of the corporation."

But dissatisfied MPs are for an arrangement that survives to this day the corporation provides the Minister with information with which to answer Parliamentary questions.

Thus the Minister is in a position to answer questions on the corporation's performance and its financial position.

But despite this and a formal arrangement for control of the Board, the Minister has been a reluctant broadcaster.

And Muldoon has been a reluctant broadcaster. He played a leading role in the Black Attack in 1968, culminated in the resignation of current affairs editor Gordon Black.

That a controversy surrounded the public service issue of whether to decline or accept would result in increased

prices. The Decentralised Board's chairman, an executive officer, was asked to be interviewed on current affairs programme "Compacts", if Muldoon gave permission. He refused, maintaining that he would be the proper person to answer criticism.

But he would not be allowed to appear on television because of the three-month ban on use of politicians in television programmes three months before an election.

These days was NZBC's 25th anniversary. Muldoon would go along with the programme, but to which Muldoon?

"We'll see about the Muldoon denials having such a remark."

Whoever said what the outcome was that the general interest in the project, screening of the programme, was delayed till after the election.

Another controversy arose in 1970, when Muldoon decided not to screen the Brian Edwards Show in Finance — appeared.

Broadbank

For Currency Services

radio

shares Savage broadcasting view



IAN FRASER ... of "no use" to PM.

Muldoon issued at least three public statements, expressing disapproval at the decision and raising the issue of who would run the second channel. He said he was influenced against the corporation getting the channel because of its rejection of the Brian Edwards Show.

Major-General W S McKinnon was prompted to declare he "found it singularly disturbing that Mr Muldoon as a Minister of the Crown should publicly link the rejection of an unsatisfactory programme to the right of the NZBC to a second television channel at the very time when this matter was to come before Government for decision."

Another McKinnon statement observed: "Mr

Muldoon, not surprisingly, was 'a bit angry' that Monaghan had disputed his \$1 million and promised to 'keep an even closer watch on taxpayers' money going into that television channel'."

He also suggested that the Public Expenditure Com-

mittee should look at the cost of the programme. "It is the kind of thing the committee should do from time to time in terms of its order of references, and they might find it quite an interesting exercise — I certainly would if I were the chairman."

The committee took the hint and set up a sub-committee to probe the cost of the series.

Of course, if Muldoon's sole concern was to ascertain the cost of the programme, he could have found out merely by asking the Minister of Broadcasting for the information.

About that time, Muldoon was pushing through Parliament the SIS legislation. TV1's "Dateline Monday" decided to do a programme on the issue, and this became the subject of an official Prime Ministerial complaint.

The complaints committee (three board members plus one outsider) upheld the complaint that the programme lacked balance. It was particularly critical that one part of the programme lacked objectivity and contained seriously misleading omissions.

But the committee was a bit hasty, apparently. A week

later, it publicly apologised to Ian Fraser, the programme's frontman, for its suggestion he might have been dishonest in his opening remarks to the programme.

Muldoon has been even more active on broadcasting matters this year.

The BCNZ has been a regular subject of his Truth articles.

Indeed, he has virtually assumed the role of Minister of Broadcasting that Michael Savage officially felt the need to hold more than 40 years ago.

When the nominal Minister, Hugh Templeton, said that one option under study for TV2 was the introduction of education programmes at primary and pre-school levels, followed by entertainment programmes later in the evening, Muldoon retorted: "It is a new one to me. I would not think we have got much support for that in the short term."

Nothing has yet come of the idea.

Templeton supported the increase in licence fees sought by the corporation; Muldoon did not. Muldoon's view prevailed.

And just as he brozenly used the second channel issue to influence broadcasting

decisions back in 1970, he has used the licence fee issue to intimidate broadcasters in the last month or so.

He has also threatened to strip the Listener of its monopoly right to publish TV programmes if it doesn't buck up its ideas. Which

presumably means it should publish material that meets Muldoon's approval.

Savage openly declared that his Government would be the masters of publicity. Muldoon apparently differs only in not proclaiming his intent so inequivalently.



ROB MULDOON ... licence view prevailed.

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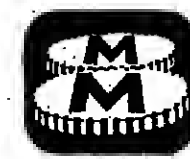
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LETTERS

Wine drinkers demand voice

AFTER reading the Industry Study and Development Plan issued by the Wine Institute of New Zealand, and making a serious endeavour to comprehend the meaning and implications of the incredible wealth of statistics, graphs and forecasts on all subjects pertaining to the health and progress of the wine industry, I have noted several learned and technical articles in the news media which single out issues of concern to me, the consumer.

One of the important roles of the newly formed Wine & Food Society of New Zealand is to provide a voice for the consumer and for the numerous member societies throughout the country (total strength 800 so far), but also for the wine loving and drinking public.

May I, therefore, add my views on a few aspects of some of the subjects dealt with in the report, which I think relevant.

Being involved in the "world of wine", and an independent enthusiast, many of the winemakers are friends in whose activities I take a great interest and for whom I have a tremendous respect. I also have a very real admiration for the executive of the Wine Institute and in the progress and results they have achieved, in a short time, under continuously difficult circumstances.

However, although I am sure that they are sincere when they list one of their objects as concern for the interests of consumers by maintaining quality standards, etc., because the Institute (rather like a union) is solely composed of people in the industry, it is only natural that the prime consideration must be for the general benefit and continuing well-being of its own members. Who can blame them? Of course, both objects should and can really be complementary for success, but it does not always work out that way.

Possibly a solution could be for one, or even more executive members to be appointed from outside the trade with no conflicting or self-interest.

Everybody seems to agree that the cost of a bottle of "quaffing" wine to the consumer has now reached the dangerous level at which resistance is apparent and, instead of increasing the numbers of regular wine drinkers overall, as indicated by projected estimates, many people who have recently "discovered" wine, may steadily be lost. Even some of the premium wines are now thought to be becoming too expensive, despite the quality factor. I continually have complaints on this subject and do my best to explain the problems of high cost machinery, labour, the ever-rising cost of grapes, etc., but it becomes more difficult

to justify many obviously overpriced examples.

To retain and increase the wine drinking public, reasonable quality, clean and honest wines must be produced at prices low enough for the consumer to buy, for home use, or at a restaurant, without feeling it is a "special occasion only" beverage.

Possibly the industry, and particularly the smaller wineries, should be thinking of the viability of some kind of co-operative system — particularly in the area of expensive plant and machinery. It appears to work in many

parts of Europe.

With regard to premium wines, it could well be an idea to stipulate that at least an approximate selling price for wines entered in the national wine competition, and available for later distribution, should be indicated before the event.

The old argument regarding the iniquitous sales tax system is, of course, very valid indeed, and it is to be hoped that early adjustments may give some price relief, particularly on lower priced wines.

Many figures in the report are obviously estimates, and

those referring to future population and consumption may well be optimistic, but if the number of wine enthusiasts grows as expected, I feel an ever-increasing proportion will become interested enough in the subject to consume more red wine than the 6.7 per cent of total wine production projected for 1985, with which to taste, enjoy and widen their horizons. Planning on the basis of these figures could be a mistake.

Much has been written about the proposed regulations regarding water content in wine and the addition of sugar.

Whilst it is good to finally recognise these well-known problems officially, much thought must go into any final regulations. Though the suggested allowance of 3 per cent water for premium wines (to take care of additives) is fair enough, the possibility of a legal 25 per cent added water content is rather frightening and should be re-thought or further explained.

Despite many arguments about sugar addition, it is in many cases often necessary, in our climate, to produce the minimum desirable level of alcohol — as is the case in a

number of other wine growing countries. Should it be safe for any other purpose these now enough vocal writers to rapidly detect excess presence in such wines and to ensure that practice proves detrimental to the gullible parties.

Let us hope that more attention is paid to the wide and requirements of the consumers — without us there would be no industry.

Stanley L. Rank
President
Wine & Food Society
New Zealand

Sceptics search for strings to Libyan loan

by David Rennie

IS TONGA'S Libyan connection all that it is cracked up to be?

That is the question on the minds of many foreign aid advisers in the South Pacific kingdom and even some Tongan Government sources are sceptical.

There hasn't yet been any sign of the no-strings-attached \$3 million soft-loan from Libya announced by the Tongan

monarch after a trip to Tripoli last March.

But King Taufa'ahau Tupou IV assured NBR the loan was definite and it was only a matter of time before the money was advanced for upgrading Fus'amotu international airport for jumbo jets.

And after all, he virtually is the Government the appoints the ministers and governors that make up the Cabinet and

the Prime Minister is his brother, Prince Fatafehi Tu'ipelehake.

The amount involved in the loan is equivalent to about half the annual remitted wages from Tongans living in New Zealand and, according to the King, it will be used to extend the runway from 1400 to 3600 metres and for construction of an improved terminal building.

King Tupou looks to the new

airport as a vital step toward his dream of transforming his semi-feudal kingdom into a modern mini-state. As he sees it, tourists would flock in from countries on the rim of the Pacific such as Japan and the United States (already about 87,000 tourists a year visit the country—more than two-thirds of the total population).

And air freight would be just as vital. The monarch sees agricultural production

becoming sufficiently mobilised to enable his country to become a major supplier of market produce and tropical fruit to New Caledonia and French Polynesia, reducing Tongan economic dependence on New Zealand.

Whether this is a realistic vision is another matter.

The Tongan version of the friendship declaration with Libya is a good deal less optimistic than the English.

And although in the interview the King was insistent on the validity of the Libyan pledge, he seemed reluctant to give details.

In reply to persistent questioning, he said simply: "We are trying to draw up a masterplan for the airfield."

He said: "When the masterplan is ready then we will talk to the Libyans again. They may send a delegation to have a look."

The King said the "masterplan," detailing work on the runway and a temporary terminal, was being prepared independently of the Libyans—"in other countries with higher technical capabilities".

But he didn't elaborate or name the countries.

The situation seems contradictory to King Tupou's statements in March giving the impression that Libya was prepared to bend over backward to assist the country.

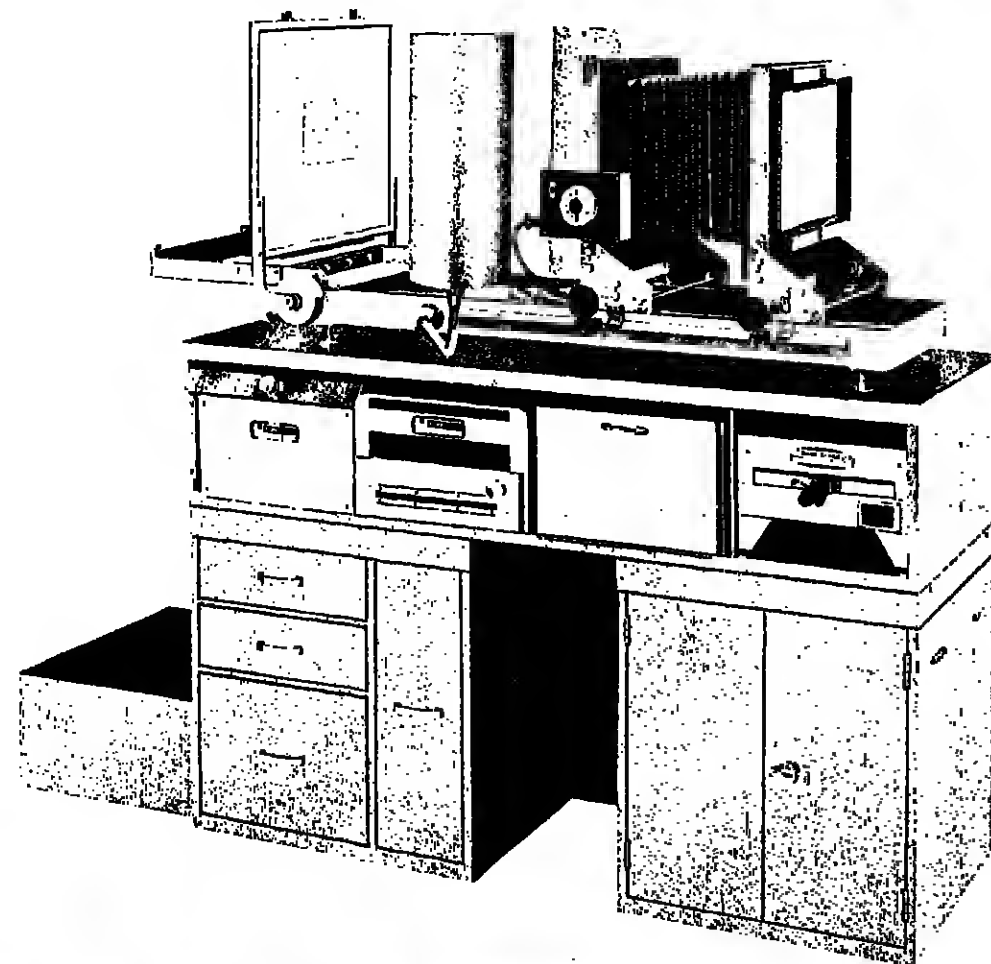
"What on earth can Libya find of interest in little Tonga?" mused a foreign diplomat. But in fact the Tongans have been attracting increasing and more diversified aid, notably from the European Economic Community under the Lome convention.

About \$1.6 million worth of construction and road-building machinery was handed over to Tonga last month, a gift from the European Development Fund, and will be used to upgrade the airport road.

Asked about New Zealand's eight-to-one trade advantage over Tonga, King Tupou admitted: "We are not happy with this imbalance—but at least it is two-way trade."

He contrasted this with Australia which he criticised for its negligible imports from Tonga.

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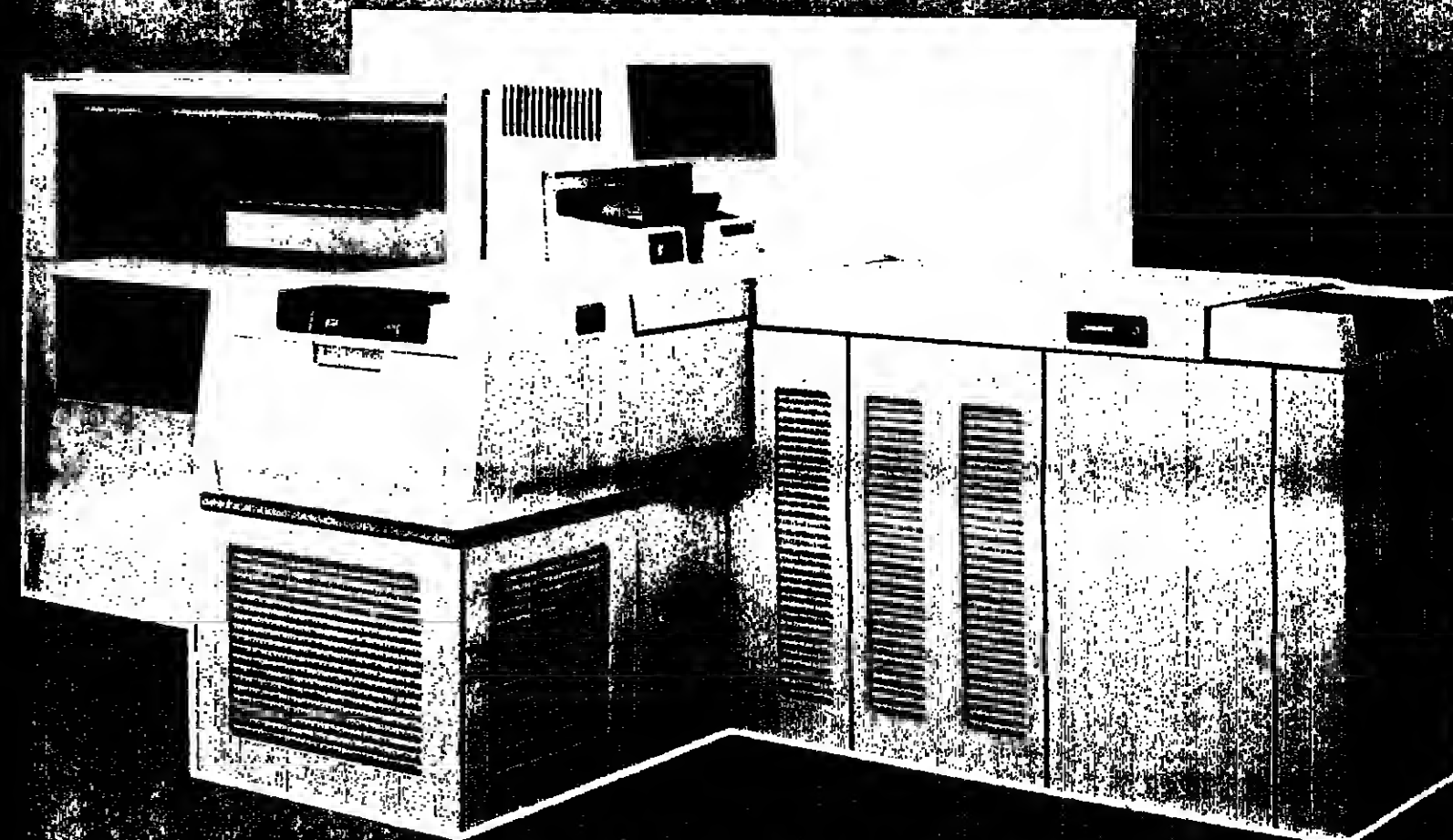
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Talus makes takeover bid

TALUS Brushware, the nation's biggest manufacturer of toothbrushes, has bought an engineering company - the Safety Manufacturing Co., which is well known for its towbar coupling components. Both companies are Levin-based.

The takeover was a logical move in several aspects. Safety Manufacturing had become a substantial component supplier for Talus' power brushware.

Talus is part of Salmond Holdings.

Over the years both Safety Manufacturing and Talus have

become closely associated with the success of Levin as perhaps the nation's most go-ahead secondary manufacturing centre.

Dibro refines recycling

DIBRO NZ Ltd has developed a consumer product made almost entirely from recycled plastic. The company uses off-cuts from Calvert Plastics, of Stokes Valley, to make "glass" ball Christmas decorations.

Pelone-based Dibro, the country's leading vacuum metalliser, regrounds the off-cuts and then moulds them into thousands of the spherical

decorations. Then the balls are vacuum metallised and appear to be indistinguishable from real glass.

This idea for the manufacture of the glass look-alike balls came after Dibro director Beryl Dickinson had noticed how the glass balls broke, and often cut the hands of children.

The company's ability to make a plastic product resemble a metallic product has taken it into some unusual lines, including coffin handles which the company once exported to Australia.

Geoff Thomas bows out

PLASTIC Fabrications, often

considered to be the most profitable plastics manufacturer in terms of people employed, has just changed hands.

Bob Upton, who describes his background as "diverse", has just taken over the firm. The former owner and founder, accountant Geoff Thomas, has taken off for a long overseas trip.

Thomas began his career as a draughtsman, later switching after the war to accountancy.

Then, he switched to fabricated plastic. With a staff of two he built a solid reputation for high-precision plastic engineering.

The company under Thomas never advertised and you had to look very hard to find his factory in a loft near Wellington's Courtenay Place.

"I always consider it a compliment that people take so much trouble to find me," Thomas noted just before he retired.

Thomas abolished all unnecessary overheads and wrote all his own letters in longhand in a manifold book.

Another principle was never to turn anyone away. But to ensure that Plastic Fabrications never got lumbered with business that could not pay for itself, he tended to overstate the production difficulties involved.

Plastic Fabrications has made some diverse products as precision geometric instruments, baby incubator parts, and the domes for the All Sky camera which monitors the aurora around the world.

"What we make one week bears no relation to what we

make the next," recalled Thomas a few years ago. "I have to be an electrician, carpenter, and plumber."

About his raw material, he noted: "Everyone knows what to do with stone, wood and metal. But plastic is different. For example, it has seven times the expansion of metal."

Wine casks boost exports

WRIGHTCEL NZ, of Feilding, has just seen its exports top the \$1 million mark.

The exports have been driven along to a substantial degree by the company's export of wine casks to Australia.

These have accelerated recently due to the company's manufacture under licence of a three piece sealed tap which uses a push down button to release the wine.

A spokesman for Wrightcel said the wine cask exports represented "more than 10 per cent and not as much as half" of this total figure.

The company exports a wide range of products including bags for maturing cheese.

The plastic bags, modelled on the concept of the old goatskin, are revolutionising drinking habits in Australia, and to a lesser extent in New Zealand.

The main advantage over glass bottles is that the tap attachment to the plastic bag allows the wine to be drunk at leisure without losing its body. The bag collapses around the wine.

The plastic bags, made by laminating several layers of plastic film together, have been perfected by the Wrightcel company, a subsidiary of Australian firm.

The New Zealand company has operated for 15 years

Raw material shortage

THE managing director, Techni Chemical Industries, Gerald Krynen, predicts the plastics raw material supply shortage will ease toward the end of the year, as the United States enters severe recession.

Krynen has just returned from visiting principal markets in the United States.

"The current thinking is the recession will see the price falling to \$800 or \$900 a tonne," he says.

He said that raw material suppliers, based in the States, are anticipating the Opec oil increase usher in the United States recession toward October, year.

In the meantime, he said prices will continue to rise. PVC should rise to \$1200 a tonne.

"Basically, we are going through exactly what we went through after 1973 - but time it is taking longer to get up," Krynen said.

The feeling in the States was that prices would not continue to rise because of the liquidity shortage in industry itself, Krynen predicted.

Mild winters help giant rigs pulverise roads

by Bob Stott

SOME may have been convinced by the recent rainfall and huge rail losses that we would be better off without a railway.

But they should ask: Why does the typical New Zealand highway pack up if it is subjected to a sudden increase in heavy truck traffic?

Answer: Because New Zealand has mild winters.

Because of our mild winters, road upkeep costs increase at a rate directly proportionate to the numbers and weights of axles passing over them.

This is not the case in the land of the Kenworth, the Mack, the Volvo and the Scania... the countries of North America and Europe, where the big rigs are built.

Road builders in those countries must build roads that can withstand the cold winter and the traffic.

In countries where the ground freezes in the winter, a phenomenon known as frost heave occurs. A road's pavement must be strong enough to withstand the pressures brought about by this freezing of the ground and the subsequent thaw.

A road pavement built to withstand frost heave may be 30 times as strong as is needed to take the weight of heavy truck traffic.

As the EEC countries increase permissible vehicle weights, the manufacturers churn out trucks built to the new standard, and these vehicles are offered for export.

New Zealand's roads have evolved in our temperate climate - we have tended to build pavements strong enough to take the sort of traffic anticipated during the life of the pavement.

Our roads therefore are closely tailored, not to the demands imposed by harsh winters, but by the vehicles

themselves.

Thus our roads don't have the built-in extra strength found in Europe.

Our highway pavements are in fact fatigue structures - they are designed to take a certain amount of traffic before needing rebuilding.

The passage of an axle over the road imposes a bending movement (a parallel to a bend in a piece of wire to and fro until eventually it snaps). But if we make the pavement thicker it will take more bending before giving way.

What we spend on highways each year is directly related to the numbers and weights of axles using those highways. If we increase road traffic to a marked degree, we will have to budget for a proportionate increase in highway spending.

The money will come from the operators of heavy trucks in the turn of road user charges so the road accounts won't get into a "loss" situation.

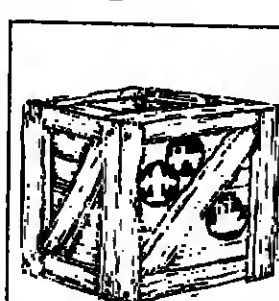
It is not a "loss" situation, could build stronger roads, and even a small increase in pavement cross-section can give a worthwhile increase in strength. An extra 25 millimetres of pavement will double the number of eight-tonne axles a roadway can take in its life, while an extra 100mm gives a tenfold increase in pavement life.

There is a price: Ministry of Works estimates 50 cents per square metre for an extra 25mm of pavement thickness in the case of a typical rural road.

And we have a lot of roads, a small population and a shortage of resources.

According to the 1978 Yearbook, our capital investment in road exceeds investment in all other forms of transport. We have 96,000 kilometres of roads and 13,397 bridges.

The cost of providing adequate roads as a proportion



TRANSPORT

to remind us that our roads are tailored to the anticipated traffic and not the rigours of winter. An example is the Napier-Taupo road, rebuilt at enormous expense in the late 1950s and early 1960s.

The road had not been completed for long before pine forests in the hinterland reached maturity and a pulp mill was built on the outskirts of Napier. With the opening of the mill, traffic on the road increased three or fourfold and the road wore out at the same accelerated rate.

Roads today are built to standards related to current maximum axle loads, and the same standards are adhered to when a road falls due for overhaul. But it is not possible to upgrade all roads at once, so some 80 per cent of highways show accelerated wear if used by large numbers of the heavier vehicles.

The Ministry of Works can upgrade a road so that it is ready to take a traffic increase. But there's often not much warning. It takes years to go over a long length of road such as Napier-Taupo and in this case, the mill was open and running before much could be done to the road.

It can be argued that because the cost of building



ROAD PAVEMENT... bends under eight tonne axles.

and maintaining roads to a standard suitable for heavy trucks is paid by truck operators' road user charges, there's no real cause for concern if road costs soar.

But if the axle load limits were suddenly raised, allowing the use of the very biggest trucks, road user charges would have to rise, and that might well cancel out the economic advantages of using the bigger vehicles.

The relationship between traffic and wear is quite different in the case of rail transport. The situation with rail is far more complicated - factors such as axle loads, suspension design, rail metallurgy, curvature and numbers of hauled rail joints all play a part in determining how a railway track will react to traffic.

Surprisingly, in view of the relative antiquity of the conventional rail-sleepers-ballast combination, there is no widely accepted rule of thumb relationship between traffic and wear.

In New Zealand, about one-third of the cost of maintaining a length of railway is variable according to the amount of traffic using the route. A complication is that this maintenance cost includes signals, culverts and bridges, and even luteside fencing.

Even so, experience has shown that the output of a typical heavy industrial plant for example a pulp mill would need no more than a couple of extra trains a day, and that those two extra trains can be accommodated with no measurable change in track maintenance costs.

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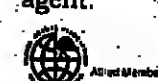
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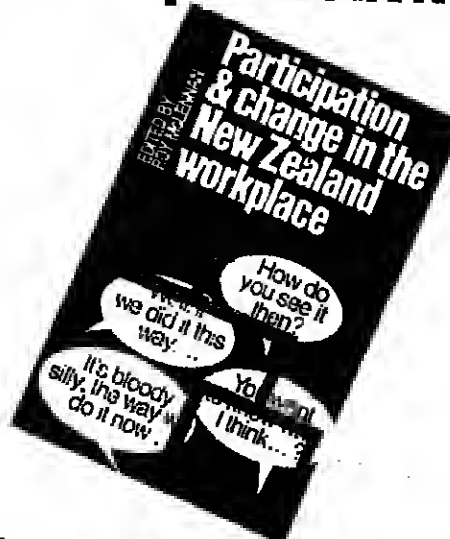
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